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FINAL REPORT

**THE INTERACTION AND SEQUENCING
OF ASSISTANCE PROGRAMS:
A STUDY OF SIX HYPOTHETICAL HOUSEHOLDS**

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FNS PAPER SERIES ON MULTIPLE PROGRAM PARTICIPATION

This is one in a series of working papers commissioned by the Office of Analysis and Evaluation of the United States Department of Agriculture's Food and Nutrition Service to review the participation of the U.S. low-income population in multiple cash and in-kind assistance programs. This series consists of: (1) a reference handbook that summarizes regulations governing nutrition assistance programs and major other programs and also provides program data on participation and benefits; (2) a basic primer that shows how the interaction and sequencing of assistance programs affect the benefits provided by those programs both individually and cumulatively; (3) reports on empirical analyses of participation by individuals and households in multiple assistance programs, based upon several cross-sectional and longitudinal data bases. These papers reflect preparatory work for the analysis of data from the Survey of Income and Program Participation, as well as original empirical analyses of SIPP data.

EXECUTIVE SUMMARY

Overview

This report is a basic primer on the effects of the interaction and sequencing of assistance programs for the low-income population. While the topic of program interactions has been addressed in previous research (e.g., Committee on Ways and Means, 1985 and 1986), this report takes a somewhat different approach. First, it outlines the hypothetical maximum cumulative benefits that are available under combinations of programs for selected household types residing in different states. This will serve as a backdrop for future FNS-sponsored empirical research on program interactions. Second, it reviews the interactions of a large number of programs by incorporating state and federal tax policy as well as a broad range of nutrition programs. Third, the report provides easy-to-use reference material which allows the reader to construct case examples or conduct other analyses of program interactions.

Methodology

A computer model was used to generate estimates of household benefits under each of fifteen assistance programs and tax obligations under each of three tax programs. These estimates are available at \$100 increments in monthly household earnings. Supplementary model output includes the proportions of total benefits accounted for by (a) Food Stamps and (b) all in-kind benefits, and (c) ratios of three different measures of household income relative to the poverty guidelines.

A basic feature of the model is its computation of program eligibility and benefit amounts in an order consistent with the actual sequencing of programs. That is, programs whose benefits are countable income under other programs are modeled first, while programs whose benefits are not countable income under other programs are modeled last. As a consequence of this structure, the model captures the interactive effects of the benefit provided by one program on the benefits provided by other programs. ■

Benefits and taxes were modeled for six different types of households in two states. The household types that were considered are: (1) a 1-parent, 3-child household, (2) a 2-parent, 2-child household that is eligible for an Unemployment Insurance benefit, (3) a non-elderly, non-disabled adult, (4) an elderly individual, (5) a disabled adult who is eligible for a Social Security disability benefit, and (6) a disabled adult who is eligible for a SSI benefit. These types of households were chosen because of the large variation in assistance programs for which they are categorically eligible. The states that were considered are Pennsylvania and Indiana. Pennsylvania provides assistance under three discretionary programs: the unemployed parent component of the AFDC Program, state supplementation of SSI benefits, and Medicaid coverage for the medically needy. Indiana does not provide this

discretionary assistance. Furthermore, Pennsylvania has established benefit amounts for AFDC, SSI, and the Low-Income Home Energy Assistance Program that generally rank in the top half of amounts provided by the various states. Indiana's corresponding benefit amounts generally rank in the bottom half of those provided by the various states.

Findings

Several of the conclusions regarding the system of tax and transfer programs in the United States that can be drawn from the model results are as follows:

1. Variation among the states in program availability and benefit levels can be substantially reduced by program interaction and sequencing. In reviewing the results of modeling exercises in which all households were assumed to have access to and participate in all programs for which they are eligible, it is clear that benefits from federal in-kind assistance programs partially offset state differences in the availability and amount of assistance.
2. The range of assistance programs for which a household is eligible depends critically upon its demographic characteristics. Households with children under 18 years of age are categorically eligible for the largest number of programs, while nonelderly, nondisabled adults who live alone are categorically eligible for the smallest number of programs.
3. The mix of available assistance changes as household earnings increase. For all household types considered, cash assistance decreases in relative importance as earnings increase, while in-kind assistance increases in relative importance. Among households with children, the mix of benefits shifts toward nutrition assistance as earnings increase, whereas among elderly or disabled adults it shifts toward housing and energy assistance.
4. Among 1-parent households with dependent children and, to a lesser extent, among 2-parent households with dependent children, assistance from nutrition programs is especially important for households with earnings. This is attributable to: (1) the increasing availability of benefits from the Child Care Food Program as work effort increases, (2) the availability of a deduction for child care expenses under the Food Stamp Program, (3) the availability of an earned-income deduction under the Food Stamp Program, and (4) the

stability of other nutrition assistance over a wide range of earnings.

5. Marginal tax rates on earnings of participants in assistance programs are generally less than 100 percent, thus providing them with some economic incentive to increase their hours of paid labor. Among households that receive some governmental assistance, tax rates are generally highest for elderly or disabled individuals (50-90 percent marginal tax rates), intermediate for households with dependent children (35-90 percent), and lowest for nonelderly, nondisabled adults (25-75 percent). Each household type may face some tax rates in excess of 100 percent as earnings rise past program eligibility limits.

The effects of the actual interaction of state and federal transfer and tax programs will differ from the model results presented in this report. This is because the two states considered are not representative of the full range of program availability and benefit levels among the 50 states and the District of Columbia and because many households do not participate in all programs for which they are potentially eligible. Thus, the critical next component of FNS's research agenda on multiple program participation is to use household survey data to examine actual program participation and benefit levels.

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A. INTRODUCTION

This report is a basic primer on the effects of the interaction and sequencing of assistance programs for the low-income population. While the topic of program interactions has been addressed in previous research (e.g., Committee on Ways and Means, 1985 and 1986), this report takes a somewhat different approach. First, it outlines the hypothetical maximum cumulative benefits that are available under combinations of programs for selected household types residing in different states. This will serve as a backdrop for future FNS-sponsored empirical research on program interactions. Second, it reviews the interaction of a large number of programs by incorporating state and federal tax policy as well as a broad range of nutrition programs. Third, the report provides easy-to-use reference material which allows the reader to construct case examples or to conduct other analyses of program interactions.

The methodological approach underlying the findings presented in this report is computer modeling of program benefits and tax liabilities for different types of households at different levels of earned income. Results of the computer modeling exercises are summarized in the body of the report, while more detailed findings are presented in an appendix. A series of figures and corresponding tables in the body of the report show how net earnings and several broad categories of assistance benefits vary with earnings for six different types of households in two states. The accompanying text is not a comprehensive discussion of the numbers that appear in the figures and tables. Rather, it explains important patterns in benefits as earnings increase, accounts for benefit differences between the two states, characterizes groups of programs as being provided

primarily to households with or without earnings, and makes observations on the overall marginal tax rates that are implicit in the network of tax and transfer programs.

The next section of this report discusses critical aspects of our research methodology: the programs, households, and states that we consider; the valuation of in-kind benefits; and the structure of our model of taxes and assistance benefits. Section C summarizes the results of our modeling exercises for each possible combination of the six household types and two states. Results are presented in full detail in Appendix A. The principal conclusions that we draw from the model results are summarized in the final section of the report.

B. METHODOLOGY

1. Programs Considered

The model of taxes and assistance benefits incorporates the regulations governing 18 state and federal transfer and tax programs, as follows:

Cash Assistance

- o Earned Income Tax Credit (EITC)
- o Unemployment Insurance (UI)
- o Aid to Families with Dependent Children (AFDC)
- o Supplemental Security Income (SSI)
- o Social Security Disability Insurance (DI)

Nutrition Assistance

- o Food Stamps
- o Special Supplemental Food Program for Women, Infants, and Children (WIC)
- o National School Lunch Program (NSLP)
- o School Breakfast Program (SBP)
- o Child Care Food Program
- o Temporary Emergency Food Assistance Program (TEFAP)

- | | |
|----------------------------------|---|
| <u>Housing/Energy Assistance</u> | <ul style="list-style-type: none"> o Section 8 Lower-Income Housing Assistance o Low-Income Home Energy Assistance Program (LIHEAP) |
| <u>Medical Assistance</u> | <ul style="list-style-type: none"> o Medicaid o Medicare |
| <u>Taxes</u> ¹ | <ul style="list-style-type: none"> o State Income Tax o Federal Income Tax o Social Security Payroll Tax |

Each program is represented in the model by one or more equations that incorporate its most salient regulations governing eligibility and benefit or tax amounts. The regulations for different programs are not all specific to the same point in time; however, all were in effect at some time during the period 1985-1986. Exact dates for the program regulations that are incorporated in the model are given in Appendix D.

¹The model assigns tax liabilities on the basis of state and federal tax laws for calendar year 1985; thus, the effects of the Federal Tax Reform Act of 1986 are not reflected in the model results. A number of changes resulting from that Act would tend to reduce the federal income tax liabilities of the household types considered in this report below the amounts indicated by our model: (1) the amount of income not subject to tax (the standard deduction or zero bracket amount) has been increased, (2) the amount allowed for each personal exemption has also been increased, and (3) the EITC is more generous than before reform. A change in the tax code that would increase the federal income tax liabilities of some low-income households is the repeal of the exclusion of 50 percent of UI benefits from gross income. We believe that our model results would not be affected by this change because of the small amounts of UI benefits and other income that we assume are received by the household types that we consider. These four changes would have effects in the same direction on the state income tax liabilities of households that reside in states in which the personal income tax code has a high degree of conformity to the federal code. Because such conformity is low for the two states that we consider, Pennsylvania and Indiana, we would expect the model's estimates of state income tax liabilities to be little affected by these changes. A final change resulting from the 1986 Tax Reform Act that would tend to increase the federal income tax liabilities of low-income households without affecting their state income tax liabilities is the increase in the lowest marginal tax rate from 11 to 15 percent.

The assistance programs represented in the model are a subset of all state and federal programs that serve the low-income population. The need to avoid a highly complex computer model necessitated the restriction of the number of programs considered. The six nutrition programs noted above and the seventeen other programs that are included in the Handbook of Assistance Programs (USDA/FNS, 1986) were our starting point for the selection of programs to represent in the model. Non-nutrition programs are included in the Handbook if they (a) had fiscal year 1983 budgets in excess of \$1 billion and (b) provide cash or in-kind benefits for the purpose of meeting the current needs of the low-income population.² Three categories of programs are excluded from the Handbook: education and training programs (other than the Job Training Partnership Act), housing loan programs, and programs providing social services.

Eight programs that meet the above criteria are not represented in the model. Three of those programs (Black Lung Benefits; Pensions for Needy Veterans, Their Dependents, and Survivors; and Medical Care for Veterans Without Service-Connected Disabilities) are excluded from the model because of their highly restrictive categorical eligibility requirements. The other five programs are excluded from the model for the following reasons:

- o The Old Age and Survivors Insurance (OASI) Program, i.e., Social Security retirement benefits, is not included in the model for two reasons. First, this report's focus is on programs that provide assistance primarily to the low-income population. The Social

²The Job Training Partnership Act represents an exception to criterion (a). This program is included in the Handbook of Assistance Programs despite the fact that it was not implemented until fiscal year 1984.

Security earnings test (benefits in excess of \$650 per month are reduced by \$1 for every \$3 of earnings) is such that a person with substantial earnings can continue to receive social security retirement benefits. This contrasts with an SSI and DI earnings-eligibility limit of \$300 per month for a disabled worker. Second, the average Social Security benefit for a retired worker (\$479 in 1985) is large relative to the benefits provided by most other programs. A liberal earnings test and a relatively large (unreduced) benefit mean that, over a wide range of earnings, the average retired worker qualifies for a Social Security benefit that is large enough to disqualify him or her for most other forms of assistance, thus eliminating most of the program interactions that are the focus of this study.

- o The Child Support Enforcement Program is excluded from the model because the collection of support by a state's child support agency usually does not affect the economic status of the child or children to which that support was originally assigned. Rather, monies collected under this program are typically used to reimburse the state and federal AFDC Programs.
- o General Assistance is excluded because of: (a) the difficulty of compiling the state-specific information that is needed to model this program and (b) the difficulty of adequately representing in the model certain features of state programs, such as the provision of one-time benefits, local discretion over benefit amounts, and integration of some state programs with AFDC through the provision of temporary GA benefits to families awaiting the determination of their eligibility for AFDC benefits.
- o The Job Training Partnership Act (JTPA) is excluded because need-based cash payments under this program: (a) tend to be small, (b) vary among and within states, thus complicating the modeling process, and (c) are often reduced on a dollar-for-dollar basis by the amount of any AFDC or UI payments received. Reason (c) means that JTPA need-based cash payments (as opposed to actual training services) would have no impact on the economic well-being of any of the JTPA-eligible household types that are considered in this report.
- o Lower-Income Public Housing is excluded from the model in favor of the Section 8 Lower-Income Housing Assistance Program, which is somewhat easier to model. These programs meet similar needs and a family may not simultaneously receive benefits from both.

2. Valuation of In-Kind Benefits

Programs that provide in-kind benefits, such as the NSLP and LIHEAP, generally do not have regulations that specify the value of benefits to be provided to individual participants. Incorporation of such programs in a study of the total value of all available benefits therefore requires some assumptions regarding the value of the benefits provided by those programs. For most such programs, we assume that the benefits provided to the households being studied are equal to actual national or state average amounts. Assumptions for specific programs are detailed in Appendix C.

It should be noted that the appropriate methodology for valuing in-kind benefits is a matter of great current debate (see, for example, U.S. Bureau of the Census, 1986). However, our approach to this problem is necessarily quite pragmatic. The values we use are those that are readily available either in published form or from program analysts in various governmental agencies. A variety of methods were used to generate those values.

The most controversial topics in the debate over the valuation of in-kind benefits are: (1) the appropriate methodology for valuing government-provided medical benefits and (2) assuming that an appropriate methodology can be determined, should the value of such benefits be included in an expanded definition of income in the computation of poverty rates (U.S. General Accounting Office, 1986). There appears to be a growing consensus that government-provided medical benefits can best be valued at a household's cost of purchasing equivalent insurance from a private carrier. However, inclusion of government-provided medical

benefits so valued in an expanded definition of income would conflict with the fact that employer-provided medical insurance is not currently counted as income. This in turn would raise even more difficult questions regarding the appropriateness of including other employer-provided benefits in a broader measure of income for the purpose of computing poverty rates.

Our response to the debate over the valuation of government-provided medical benefits is to decline to assign values to such benefits. We simply model a household's eligibility for such benefits. Because of this limited treatment of medical benefits, model results for Medicaid and Medicare are presented in Appendix A but not in the body of the report.

3. Households Considered

Eligibility for many governmental assistance programs is restricted to families or individuals with specified demographic or other characteristics. In addition to such categorical eligibility criteria, these programs may have means tests which must also be satisfied before benefits can be received. Examples of such programs are the EITC (targeted to families with children and with labor income), SSI (targeted to aged, blind, or disabled individuals), and the NSLP (targeted to elementary and secondary school children). Because of the diverse categorical eligibility requirements of these programs, assessment of their effects on the economic circumstances of benefit recipients requires the consideration of several different types of households. We consider six types of households, each of which is categorically eligible for a different combination of programs. The six household types and the programs for which they are categorically eligible are as follows:

Type 1--Single-parent household with three children, ages 1, 4, and 6 years (parent not eligible for UI benefits)

- o EITC
- o AFDC
- o Food Stamps
- o WIC
- o NSLP
- o SBP
- o Child Care Food Program
- o TEFAP
- o Section 8 Housing
- o LIHEAP
- o Medicaid (with coverage for medically needy in 34 states and D.C.)

Type 2--Two-parent household with two children, ages 4 and 6 years (principal wage earner eligible for UI benefits)

- o EITC
- o UI
- o AFDC-Unemployed Parent (UP) Program (available in 24 states and D.C.)
- o Food Stamps
- o WIC
- o NSLP
- o SBP
- o Child Care Food Program
- o TEFAP
- o Section 8 Housing
- o LIHEAP
- o Medicaid (limited coverage in non-AFDC-UP states)

Type 3--Non-elderly, non-disabled individual (eligible for UI benefits)

- o UI
- o Food Stamps
- o TEFAP
- o LIHEAP

Type 4--Elderly individual

- o SSI (with supplementation in 28 states and D.C.)
- o Food Stamps
- o TEFAP
- o Section 8 Housing
- o LIHEAP
- o Medicaid (with coverage for medically needy in 34 states and D.C.)

Type 5A-Disabled adult individual eligible for DI

- o DI
- o Food Stamps
- o TEFAP
- o Section 8 Housing
- o LIHEAP
- o Medicare³

Type 5B-Disabled adult individual eligible for SSI

supplemental state benefits; (3) Medicaid, which varies in the medical services covered, in the availability of coverage for the medically needy, and in the availability of the program in any form (Medicaid is not available in Arizona);⁴ (4) LIHEAP (heating assistance only),⁵ which varies both in availability and in the amount of benefits; and (5) Unemployment Insurance, which varies in the amount and duration of weekly benefits. Detailed state-by-state information on the availability of these five programs and on benefit levels is provided in Appendix B. This information is summarized in Tables 1 and 2.

Table 1 shows that there is great variation among the states in the breadth of assistance provided (i.e., in the availability of optional components of the AFDC, SSI, and Medicaid programs) to the low-income population. Sixteen states provide the maximum breadth of coverage by participating in all three of these optional program components. At the other end of the coverage spectrum, six states participate in none of the optional program components.

State-by-state variation in the depth of assistance (i.e., in the generosity of available benefits) provided to the low-income population is summarized in Table 2. This table shows that the AFDC guarantee amount for a family of four that is provided by the most generous state is

⁴The Arizona Health Care Cost-Containment System, a joint federal-state-county funded demonstration project, is Arizona's alternative to the acute-care portion of Medicaid (Vogel, 1984).

⁵Heating assistance is the largest component of LIHEAP, accounting for 66 percent of the program's fiscal year 1985 budget. The program also provides cooling, weatherization, and crisis assistance. As indicated in Appendix C, "Assumptions Underlying the Modeling of Benefits and Taxes," the assumed period of analysis for the modeling exercises is a winter month, when the receipt of LIHEAP heating assistance would be most likely.

TABLE 1
NUMBER OF STATES PARTICIPATING IN OPTIONAL
COMPONENTS OF THREE ASSISTANCE PROGRAMS

Optional Program	Number of States
A. AFDC-Unemployed Parent (9/85)	25
B. State Supplementation of SSI (1/86)	27
C. Medicaid for the Med- ically Needy (12/85)	35
D. None of A-C	6
E. One of A-C	19
F. Two of A-C	10
G. Three of A-C	16

SOURCE: Committee on Ways and Means (1986)

NOTE 1: Table includes the District of Columbia.

NOTE 2: For State-level detail, see Appendix B.

TABLE 2
RANGE OF BENEFITS PROVIDED BY STATES
UNDER FOUR ASSISTANCE PROGRAMS

Program	Range of State Benefits		
	Min.	Max.	Median
AFDC (1986 max. monthly benefit--4 person family)	\$147	\$823	\$399
SSI (1986 max. monthly benefit--aged individual)	\$336	\$605	\$341
LIHEAP (1985 avg. yearly heating benefit)	\$58	\$624	\$239
Unemployment Ins. (1985 avg. weekly benefit)	\$89	\$153	\$129

SOURCE: Committee on Ways and Means (1986).

NOTE 1: Table includes the District of Columbia.

NOTE 2: For State-level detail, see Appendix B.

approximately 6 times as large as that provided by the least generous state. Corresponding differentials for SSI, LIHEAP, and UI are approximately 2, 11, and 2, respectively. In part, these differentials reflect variation among the states in living costs and, to the extent that is true, do not imply differences in the living standards attainable by program participants. This is most apparent with respect to LIHEAP--states with the most severe winters tend to provide the largest heating assistance benefits. However, not all benefit differentials are attributable to differences in the cost of living. While difficult to quantify, there appears to be considerable state variation in the real living standard that can be attained on the basis of assistance provided under the programs considered in Table 2.

A household's state of residence clearly is a critical factor in determining the benefit it can receive from each of the five programs identified above and, consequently, in determining the total value of benefits available through all assistance programs. Furthermore, states also differ with respect to the existence of an income tax and, among states with an income tax, in the tax rate.⁶ Because the 50 states and D.C. are heterogeneous in their tax and transfer programs, we ideally would model net earnings and benefits separately for each jurisdiction. However, the resources required for such an effort would be large; consequently, we consider just two states.

Pennsylvania is one of the states upon which our modeling activity focuses. We chose Pennsylvania because at least one similar, but less

⁶Although differences in the existence and rate of sales taxes and other excise taxes affect the economic well-being of households, such taxes are not considered in this report.

comprehensive, modeling effort focused upon that state (Committee on Ways and Means, 1985). Appendix B shows that Pennsylvania offers the full breadth of assistance programs and provides benefit amounts that place it in the middle of the top half of states in terms of the generosity of benefits. The second state that we consider is Indiana, which we chose because it is a good counterpoint to Pennsylvania. Appendix B shows that, unlike Pennsylvania, Indiana does not participate in major optional components of the AFDC, SSI, and Medicaid programs. While it is difficult to characterize the depth of the benefits that Indiana does provide, the state is roughly in the middle of the bottom half of states with respect to the generosity of those benefits.

We wish to emphasize that, because this report focuses on Pennsylvania and Indiana, the results reported herein are not illustrative of the full range of possible benefit outcomes across all 50 states and the District of Columbia. There are many states that provide more generous benefits than Pennsylvania and there are also many states that provide less generous benefits than Indiana.

5. The Model

We used Lotus 1-2-3 to develop our model of tax liabilities and program benefits. Variants of the model exist for each of the twelve possible combinations of states and household types. For some combinations, the differences between model variants are slight. A fundamental feature of the model is that program eligibility and benefit amounts are computed in an order consistent with the actual sequencing of the programs. That is, programs such as UI and AFDC, whose benefits are countable income under other programs, are modeled first, while programs

such as the NSLP and LIHEAP, whose benefits are not countable income under any program, are modeled last. As a consequence of this structure, the model captures the interactive effects of the benefit provided by one program on the benefits provided by other programs. Another basic feature of the model is that it generates estimates of taxes and benefits on a program-by-program basis at \$100 increments of monthly earnings between \$0 and \$1800. In addition, the model uses those estimates to produce the following statistics (also at \$100 increments in earnings):

- o The total value of all assistance benefits (including the EITC)
- o The value of Food Stamps as a percent of total assistance
- o The value of all in-kind benefits as a percent of total assistance
- o Earnings net of income and Social Security taxes, plus total assistance
- o The marginal tax rate (incorporating program benefit reduction rates, as well as income and social security tax rates)
- o Gross earnings plus cash assistance as a percent of the poverty guidelines⁷
- o Gross earnings plus all assistance as a percent of the poverty guidelines
- o Net earnings plus all assistance as a percent of the poverty guidelines

Because we consider twelve combinations of states and households, the total amount of information produced by the model is quite large. Consequently, the full detail of the model output is presented in an appendix--Appendix A, which the reader is encouraged to examine so as to become aware of the potentially useful findings that are presented there

⁷The model computes three different poverty ratios (see Appendix A); however, only the ratio of gross income plus cash assistance to the poverty guidelines is an accepted measure of poverty. There currently exists no generally-accepted methodology for including in-kind benefits or taxes in the calculation of poverty ratios.

rather than in the body of the report. The figures and tables in the body of the report present estimates of earnings (plus the EITC) net of taxes, as well as estimates of the benefit provided by each of six programs or combinations of programs, as follows:

- o UI
- o AFDC (and AFDC-UP)
- o SSI (including state supplementation)
- o Social Security disability insurance (DI)
- o Nutrition assistance (Food Stamps, WIC, NSLP, SBP, Child Care Food Program, TEFAP)
- o Housing/energy assistance (Section 8 Housing, LIHEAP)

Estimates of the sum of net earnings plus assistance from all programs are also provided in the body of the report. Results are reported at \$300 increments in monthly earnings for each of the twelve combinations of states and household types.

C. ANALYSIS RESULTS

This section presents findings from our modeling of taxes and assistance benefits for specific household types. For each household type, we provide a figure and a table that summarize the modeling results, as well as an accompanying narrative that highlights the most important patterns in taxes and benefits. When appropriate, we draw general conclusions from model results regarding the interactive network of tax and transfer programs in the United States.

1. A 1-Parent, 3-Child Household (Type 1)

We examine a Type 1 Household (with children ages 1, 4, and 6 years) for several reasons: (1) it is a prototypical female-headed household and (2) it is configured so as to maximize the receipt of

nutrition assistance. A Type 1 Household with no earned income and no income from assets qualifies for the maximum AFDC monthly benefit for a 4-person family: \$466 in Pennsylvania and \$316 in Indiana. The \$150 difference in this benefit between the two states is considerably greater than the model's estimate⁸ of a \$67 difference in total assistance benefits (see Figure 1 and Table 3). Two programs, Food Stamps and Section 8 Housing, account for the narrowing of the benefit gap between the two states. This occurs because both of these programs "tax" countable income (of which AFDC benefits are a component) at a 30 percent rate. Because of this tax rate, the Pennsylvania household receives a smaller Food Stamp benefit and a smaller benefit from the Section 8 Housing Program than does the Indiana household. This finding illustrates an important general principle regarding the network of state and federal assistance programs in the United States:

The sequencing and interaction of assistance programs is such that several in-kind assistance programs whose benefit amounts are essentially specified by the federal government partially compensate for differences among the states in the generosity of cash assistance.

As earnings increase,⁹ the mix of program benefits for a Type 1 Household changes in the same systematic way in both states. Figure 1 and

⁸Here and elsewhere in this report, the term "estimate" refers to the result of using our computer model (discussed in Section C.5) to determine a hypothetical household's program eligibility and benefit amount (or tax liability). Such estimates should not be confused with estimates that are generated by applying statistical techniques to data bases with observations on large numbers of households.

⁹The EITC is included in the measure of net earnings shown in Figure 1 and Table 3 (also Figure 2 and Table 4); consequently, net earnings may exceed gross earnings at low levels of employment.

FIGURE 1
1-PARENT, 3-CHILD HOUSEHOLD (TYPE 1)

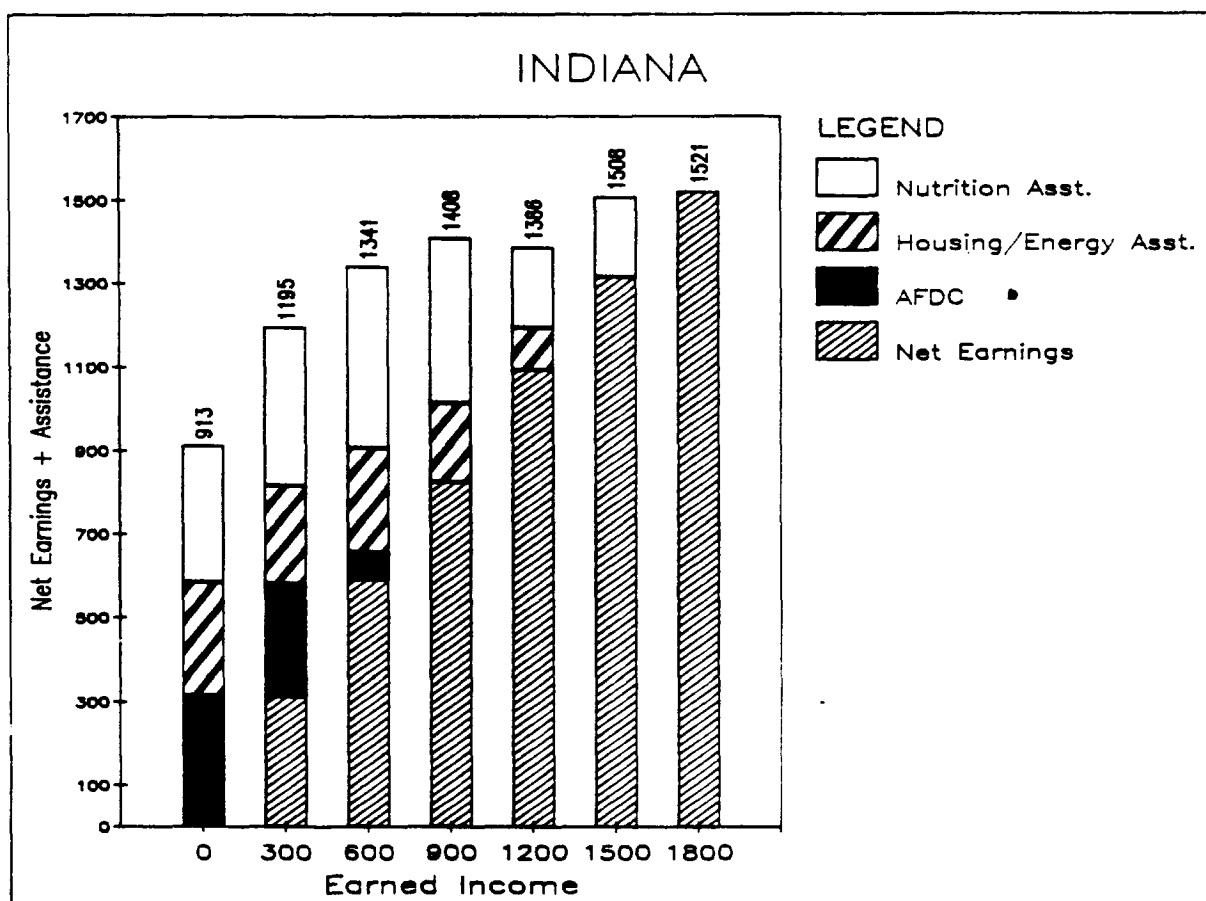
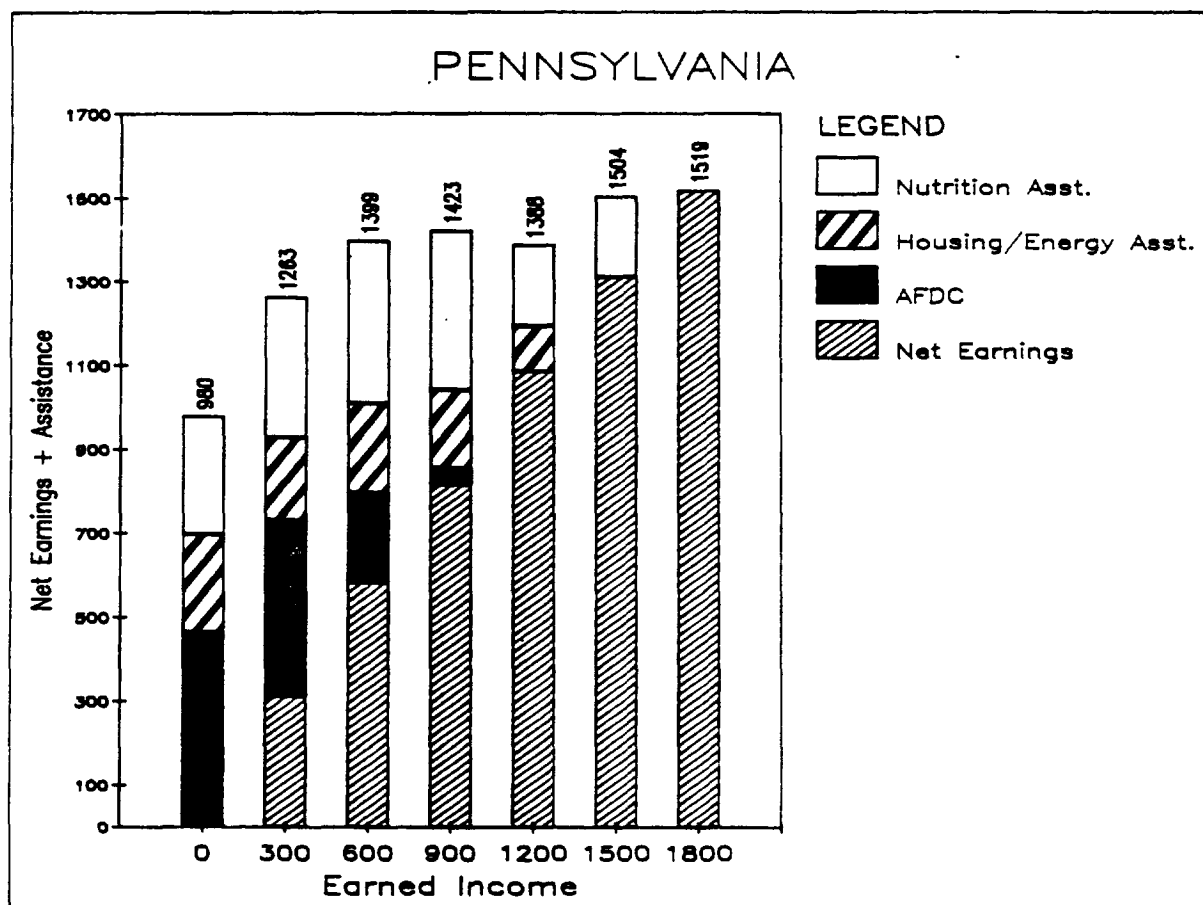


TABLE 3
MONTHLY EARNINGS AND BENEFITS FOR A
1-PARENT, 3-CHILD HOUSEHOLD (TYPE 1)

PENNSYLVANIA						
Earned Income	Net Earnings	AFDC	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance	
\$ 0	\$ 0	\$466	\$232	\$282	\$ 980	
300	312	421	196	334	1263	
600	582	217	211	389	1399	
900	817	41	185	380	1423	
1200	1087	0	108	193	1388	
1500	1311	0	0	193	1504	
1800	1519	0	0	0	1519	

INDIANA						
Earned Income	Net Earnings	AFDC	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance	
\$ 0	\$ 0	\$316	\$270	\$327	\$ 913	
300	312	271	233	379	1195	
600	591	67	249	434	1341	
900	825	0	190	393	1408	
1200	1093	0	100	193	1386	
1500	1315	0	0	193	1508	
1800	1521	0	0	0	1521	

Table 3 show that the AFDC benefit diminishes as earnings increase, while benefits from housing/energy programs remain roughly stable until earnings exceed \$600 per month, and benefits from nutrition programs increase as earnings rise to \$600, and then remain roughly stable as earnings continue rising to \$900. These patterns suggest that, among Type 1 Households, AFDC benefits are an especially important form of assistance for the non-working poor relative to the working poor, whereas the opposite is true for nutrition assistance. Housing/energy assistance is between these two categories of assistance programs with respect to the relative size of benefits provided to the working versus non-working poor.

Four principal factors contribute to the relative importance of nutrition assistance to Type 1 Households with positive but limited earnings. First (and of greatest importance), as hours of employment and, hence, earnings rise, the utilization of child care increases and (by our assumption) the benefits provided by the Child Care Food Program increase sharply (see Tables A.1 and A.2 of Appendix A).¹⁰ Second, up to \$160 per month in child care expenses can be deducted in computing Food Stamp net income. Third, the Food Stamp 20 percent earned-income deduction moderates the decline in the Food Stamp benefit as earnings increase. Finally, the WIC, NSLP, SBP, and TEFAP programs provide level benefits over wide ranges of household income. In summary, the sharp increase in benefits from the Child Care Food Program as earnings initially increase, the

¹⁰The number of children who actually participate in the Child Care Food Program is small--only 1.1 million children, as compared with the approximately 19 million persons who participate in the Food Stamp Program. This means that, to the extent that our findings for a Type 1 Household depend upon benefits provided by the Child Care Food Program, they are representative of the conditions faced by relatively few households.

modest decline in Food Stamp benefits, and the stability of other nutrition benefits mean that nutrition benefits as a whole tend to increase as a Type 1 Household's earned income rises from \$0 to \$600 per month.

2. A 2-Parent, 2-Child Household (Type 2)

A Type 2 Household (consisting of two parents, one of whom is unemployed, and children ages 4 and 6 years) is of particular interest in this study because one of the principal cash assistance programs serving such households, AFDC-UP, is not available in all states. Thus, a comparison of model results for a Type 2 Household in states with and without AFDC-UP provides insight into the implications of variation among the states in the breadth of protection for the low-income population. A Type 2 Household is also of interest because it may be representative of households that are highly affected by the displacement of workers in manufacturing, communications, and other industries, which has been a prominent feature of the U.S. economy in the 1980s.

The governmental assistance programs that are available to a Type 2 Household differ from those available to a Type 1 Household for three principal reasons:

1. The principal wage earner is assumed to be potentially eligible for an Unemployment Insurance benefit.¹¹

¹¹In Pennsylvania, an unemployed worker with earnings from current partial employment is eligible to receive UI benefits until his or her earnings exceed 140 percent of the base weekly UI benefit amount (which we assume is equal to that state's \$40 minimum base benefit for an unemployed worker with three dependents). In Indiana, the ceiling on current earnings is 100 percent of the base weekly benefit amount (which we again assume is equal to that State's minimum base benefit). In modeling eligibility for UI benefits, we assume that current household earnings derive equally from the labor of each parent in the household.

2. Indiana does not have an AFDC-UP program, so a Type 2 household in that state is not eligible for an AFDC benefit.¹²
3. With one less pre-school child than a Type 1 Household, a Type 2 Household qualifies for a smaller WIC benefit and has less need for outside child care. The presence of two parents also reduces the need for child care.¹³ Reduced utilization of child care services means that the benefit from the Child Care Food Program is markedly smaller than that received by a Type 1 Household and also that the benefits provided by the Food Stamp, AFDC, and Section 8 Housing programs are smaller due to smaller deductions of child care expenses.

One implication of point (3)--the reduced reliance of Type 2 Households on outside child care--is that the relative importance of nutrition assistance and housing/energy assistance to the working poor as opposed to the non-working poor is weaker for Type 2 Households (see Figure 2 and Table 4) than it is for Type 1 Households. This is because both Food Stamps and Section 8 Housing have child care deductions and because we assume that the availability of benefits from the Child Care Food Program is related to the utilization of child care services.

The previously-stated principle that certain federal programs partially compensate for differences among the states in the generosity of cash assistance is illustrated even more clearly for a Type 2 Household

¹²A 2-parent household in Pennsylvania is eligible for an AFDC-UP benefit so long as the principal wage earner is not employed more than 99 hours per month. In modeling the level of household earnings at which this cutoff point is reached, we assumed that the household's earnings derive equally from the labor of both parents and that both are paid the \$3.35 federal minimum hourly wage rate.

¹³Our detailed assumptions regarding a Type 2 Household's child care expenses are presented in Appendix C, along with additional assumptions for this and other household types.

FIGURE 2
2-PARENT, 2-CHILD HOUSEHOLD (TYPE 2)

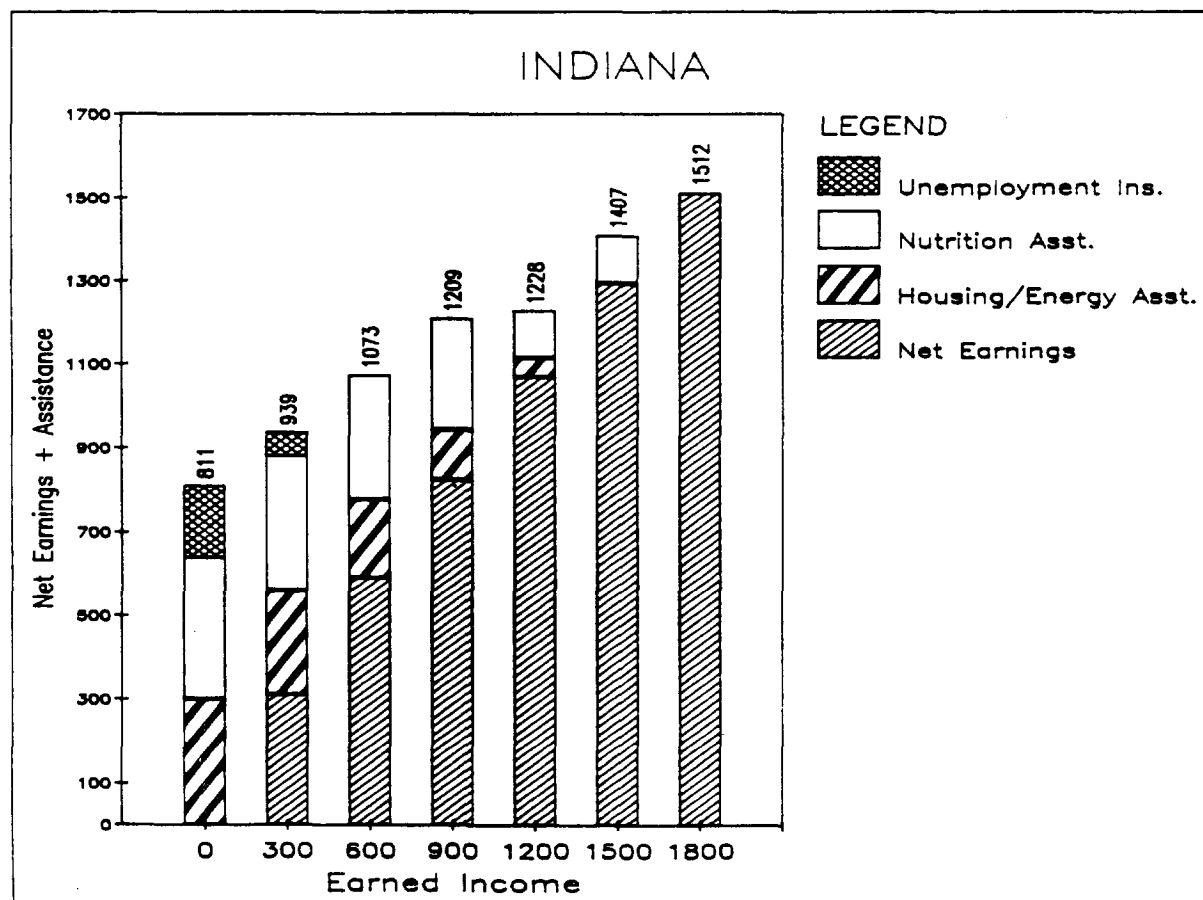
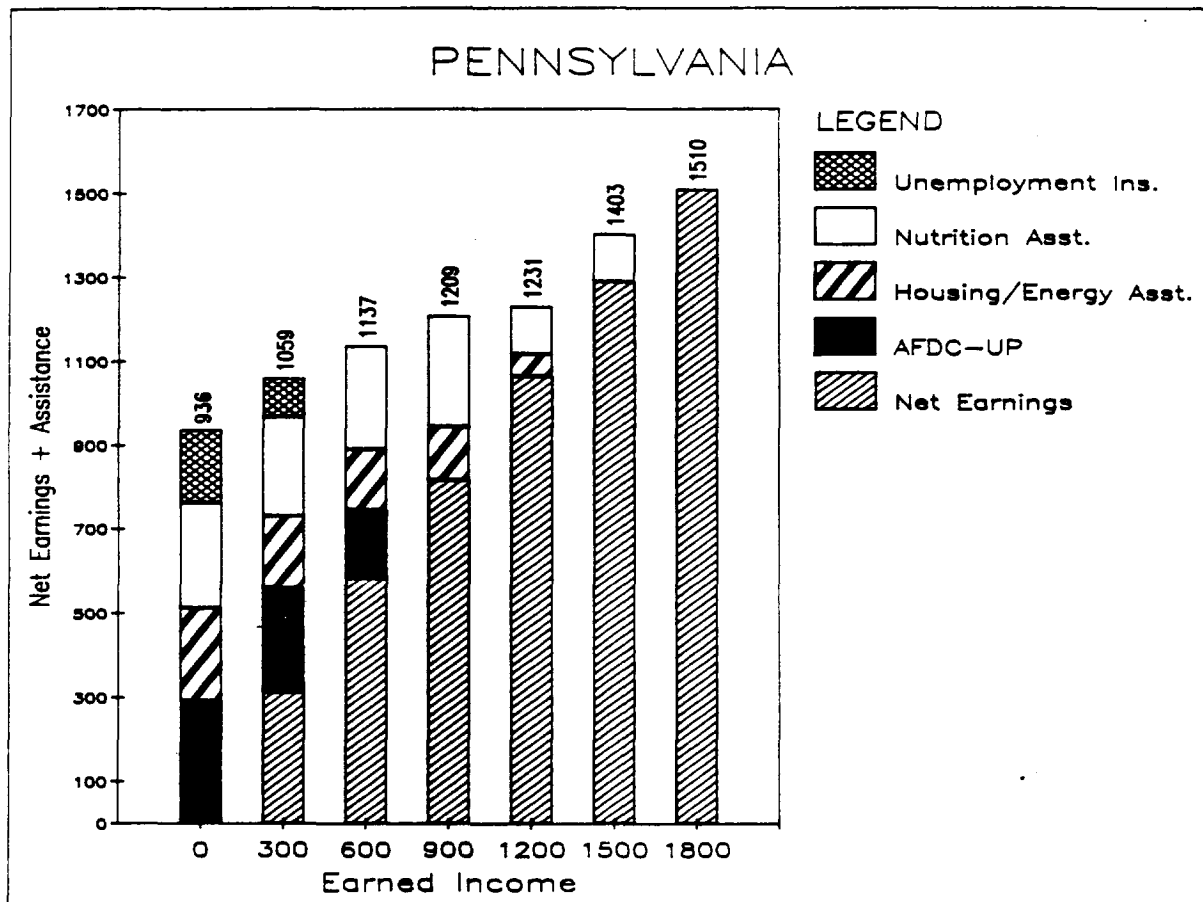


TABLE 4
MONTHLY EARNINGS AND BENEFITS FOR A
2-PARENT, 2-CHILD HOUSEHOLD (TYPE 2)

PENNSYLVANIA						
Earned Income	Net Earnings	AFDC-UP	Housing/ Energy Asst.	Nutrition Asst.	Unemploy- ment Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$293	\$220	\$250	\$173	\$ 936
300	312	249	170	236	92	1059
600	582	165	144	246	0	1137
900	817	0	127	265	0	1209
1200	1065	0	53	113	0	1231
1500	1290	0	0	113	0	1403
1800	1510	0	0	0	0	1510

INDIANA						
Earned Income	Net Earnings	AFDC-UP	Housing/ Energy Asst.	Nutrition Asst.	Unemploy- ment Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$NA	\$300	\$338	\$173	\$ 811
300	312	NA	248	321	58	939
600	592	NA	186	295	0	1073
900	825	NA	119	265	0	1209
1200	1070	NA	45	113	0	1228
1500	1294	NA	0	113	0	1407
1800	1512	NA	0	0	0	1512

than for a Type 1 Household. A Type 2 Household that resides in Pennsylvania, receives the state-determined minimum weekly UI benefit of \$40 per week (\$173 per month), and has no other income, receives a \$293 monthly AFDC-UP benefit. The same household residing in Indiana might also receive that state's \$40 minimum weekly UI benefit,¹⁴ but an AFDC-UP benefit is not available. However, the Indiana household receives substantially greater nutrition and housing/energy benefits than the Pennsylvania household. Consequently, the total value of benefits from all programs is only \$125 less for the Indiana household than for the Pennsylvania household.

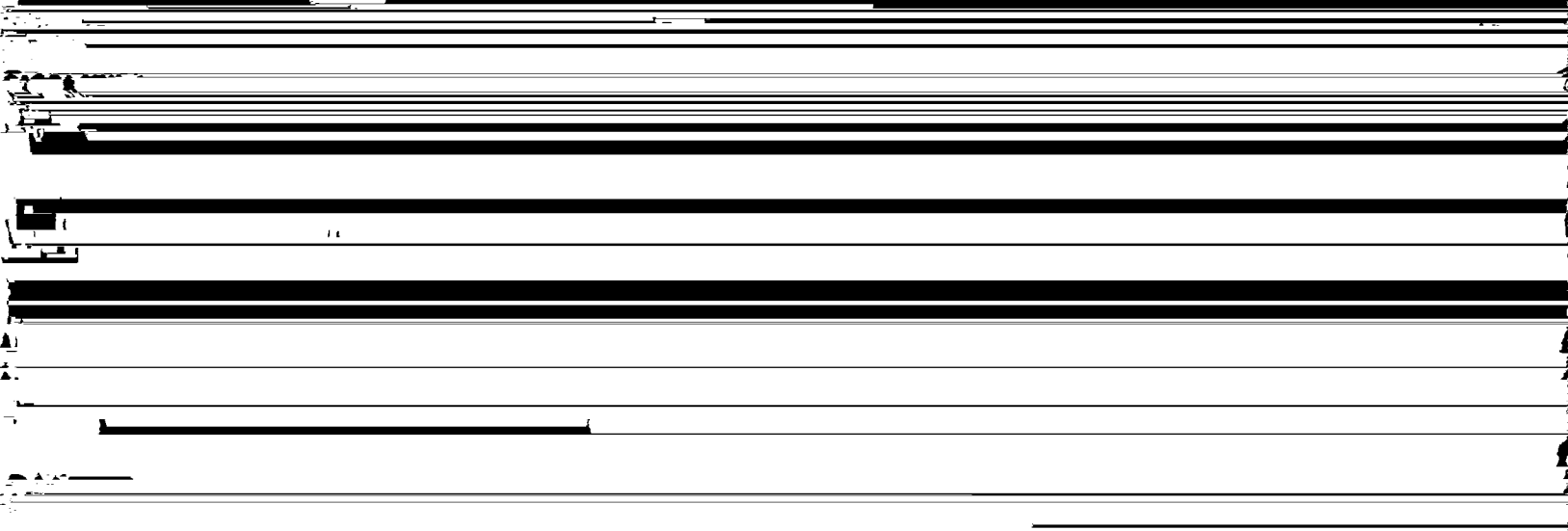
The model results for a Type 2 Household enhance our understanding of why a state may be willing to categorically exclude certain types of households from eligibility for cash assistance--federal assistance programs partially compensate such households for the absence of state assistance. A similar motivation may have been a factor in the failure of many states to adjust AFDC guarantee amounts for inflation during the late 1970s and early 1980s (Fraker, 1982). The resultant decline in the real incomes of AFDC recipients was partially offset by concomitant increases in the real value of in-kind benefits from federal programs such as Food Stamps. Through this process, responsibility for the well-being of low-income households shifted away from the states and toward the federal government.

¹⁴The minimum UI benefit is established by the individual states. It is coincidental that Pennsylvania and Indiana have the same \$40 weekly minimum benefit for an unemployed worker with three dependents. Assuming 4.33 weeks in an average month, this translates to a monthly benefit of \$173.

3. A Non-Elderly, Non-Disabled Individual (Type 3)

A Type 3 Household is potentially eligible to participate in few assistance programs. It is therefore of interest to compare model outcomes for this type of household to those for other types of households with access to a broader range of assistance. Of particular interest is the degree of state variation in total assistance available to a Type 3 Household and the composition of that assistance relative to the assistance available to other household types.

Only four of the fifteen programs that are included in our analysis are potentially available to a Type 3 Household: UI, Food Stamps, TEFAP, and LIHEAP.¹⁵ Figure 3 and Table 5 show little variation in the composition and total value of benefits available to a Type 3 Household in Pennsylvania and Indiana. This uniformity of benefits derives from the fact that the two states provide roughly comparable minimum UI benefits and average LIHEAP benefits, regulations governing Food Stamp benefits are established at the federal level, and TEFAP



A comparison of our findings for a Type 3 Household to those for the other five household types reveals that Section 8 Lower-Income Housing Assistance is restricted to households with children, elderly persons, and disabled persons;¹⁶ while most nutrition assistance is provided to

¹⁵See Appendix C for additional details on our assumptions regarding

FIGURE 3
NON-ELDERLY, NON-DISABLED INDIVIDUAL (TYPE 3)

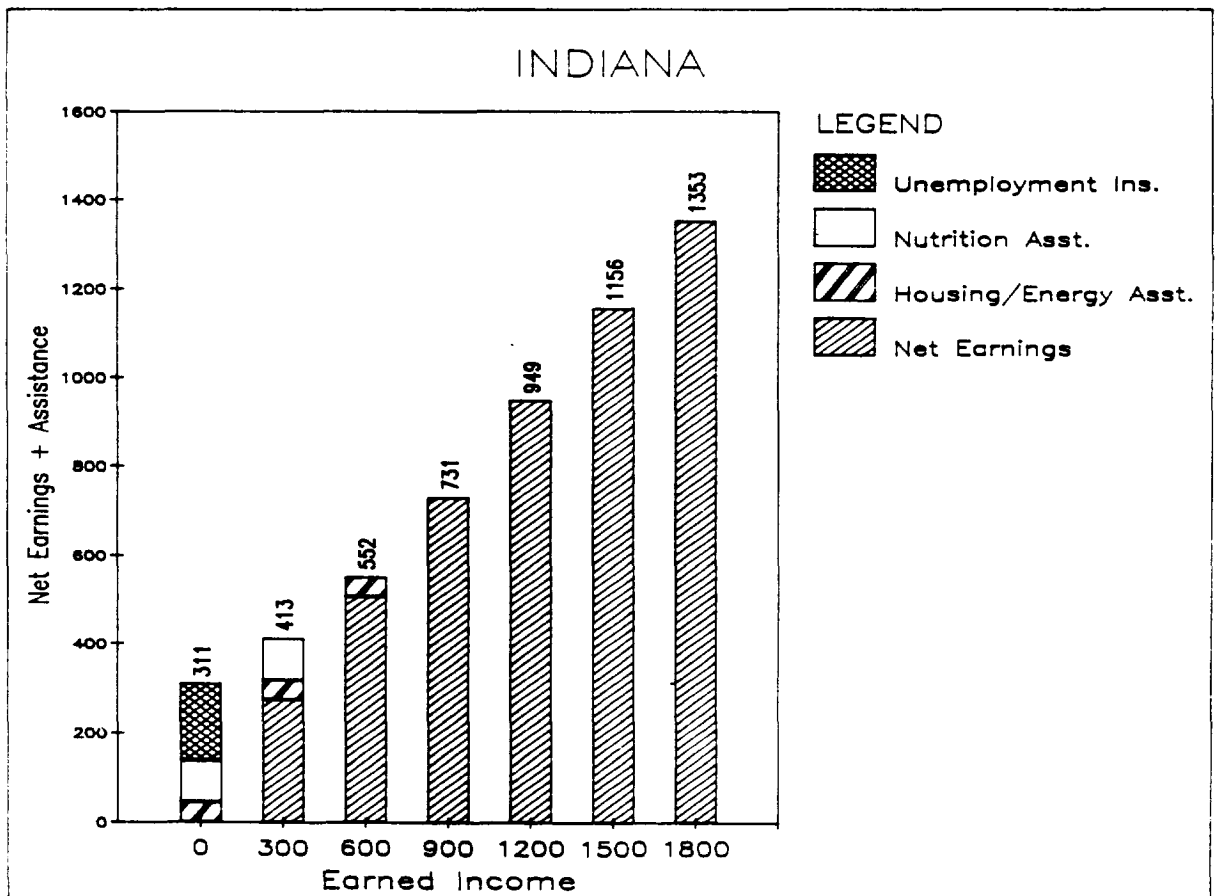
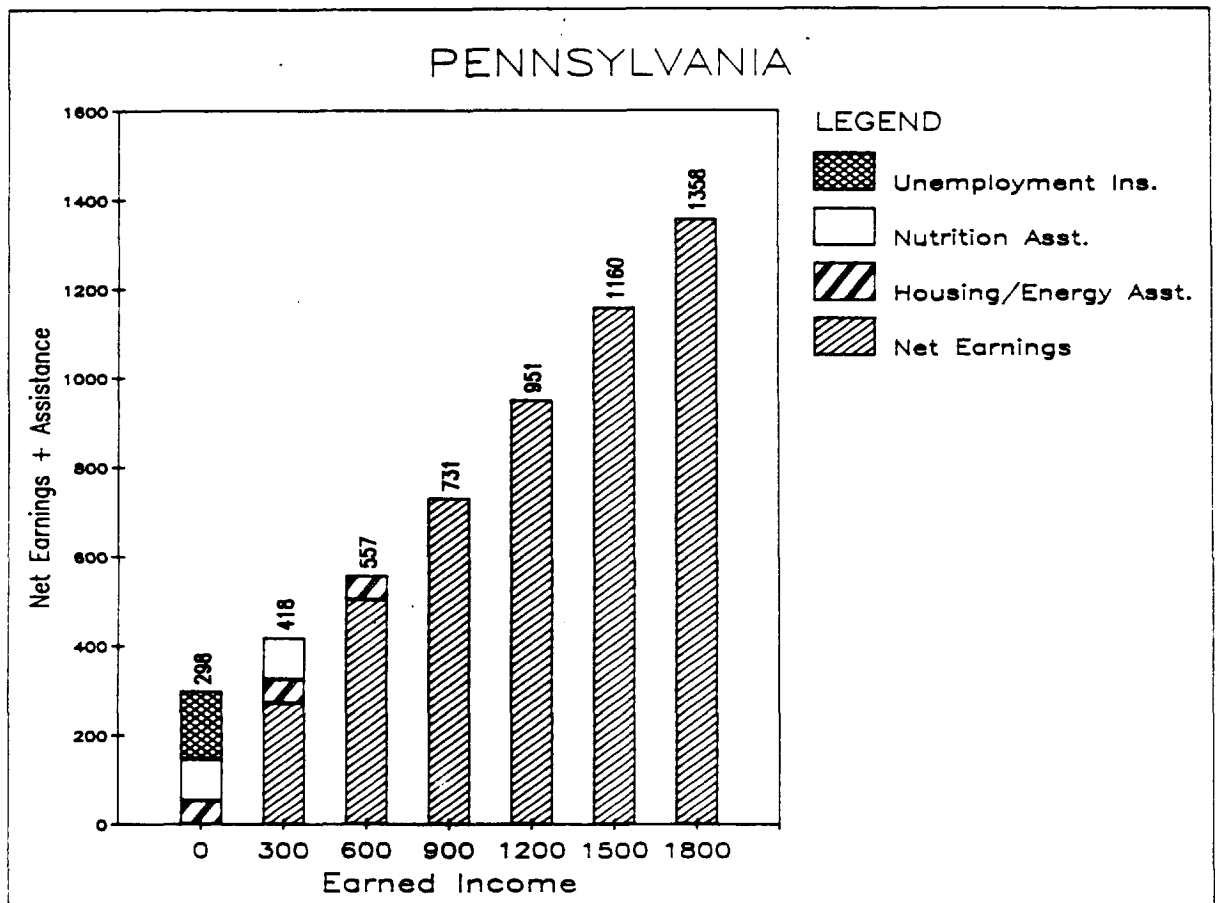


TABLE 5
MONTHLY EARNINGS AND BENEFITS FOR A
NON-ELDERLY, NON-DISABLED INDIVIDUAL (TYPE 3)

PENNSYLVANIA					
Earned Income	Net Earnings	Housing/ Energy Asst.	Nutrition Asst.	Unemploy- ment Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$53	\$93	\$152	\$ 298
300	272	53	93	0	418
600	504	53	0	0	557
900	731	0	0	0	731
1200	951	0	0	0	951
1500	1160	0	0	0	1160
1800	1358	0	0	0	1358

INDIANA					
Earned Income	Net Earnings	Housing/ Energy Asst.	Nutrition Asst.	Unemploy- ment Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$45	\$93	\$173	\$ 311
300	275	45	93	0	413
600	507	45	0	0	552
900	731	0	0	0	731
1200	949	0	0	0	949
1500	1156	0	0	0	1156
1800	1353	0	0	0	1353

households with children (i.e., benefits provided by WIC, NSLP, SBP, and the Child Care Food Program). Cash assistance other than UI is also restricted to these same types of households. Thus, the use of categorical eligibility requirements to provide assistance to certain types of households precludes the participation of non-elderly, non-disabled individuals in most assistance programs. This explains why the value of total benefits available to a Type 3 Household with no earned income is low relative to that available to other types of households.

Because of the small number of programs for which a Type 3 Household is eligible, Food Stamps constitute a larger proportion of its total assistance from all sources than is generally true for other types of households.¹⁷ Approximately one-quarter of all benefits received by a Type 3 Household with no earnings are in the form of Food Stamps. As shown in Tables A.5 and A.6, this proportion rises to more than one-half as monthly earnings increase to \$300, then it falls with further increases in earnings.

4. An Elderly Individual (Type 4)

By assumption, a Type 4 Household consists of a single elderly individual who is not eligible for a Social Security retirement benefit and who has no income from other pensions or from assets and is therefore representative of the poorest segment of elderly persons. Thus, the model results for this household type can be interpreted as being indicative of

¹⁷A Type 2 Household in Indiana is a notable exception to this pattern. In the absence of AFDC-UP benefits, Food Stamps account for approximately one-third of all benefits received by such a household over a wide range of earnings.

the maximum number of programs and level of benefits available to elderly persons in the states considered.

In the absence of earned income, a Type 4 household residing in Indiana is eligible to receive the basic federal SSI guarantee amount for an individual living alone: \$336 per month. A similar household residing in Pennsylvania is eligible for the state-supplemented SSI guarantee amount of \$368 per month.

As shown in Figure 4 and Table 6, the most distinctive aspects of the assistance benefits received by a Type 4 Household are the very small proportion of the total benefit that is accounted for by nutrition assistance,¹⁸ and, conversely, the large proportion that is accounted for by housing/energy assistance. In both Pennsylvania and Indiana, the SSI benefit plus any earnings that a Type 4 household may have are sufficiently great that it is eligible for no more than the \$10 minimum Food Stamp benefit plus the assumed \$13 TEFAP benefit. The absolute amount of a Type 4 Household's housing/energy assistance is not large compared to that of a Type 1 or Type 2 Household; however, the absence of substantial nutrition assistance means that housing/energy assistance constitutes a much larger proportion of a Type 4 Household's total assistance than is true for a Type 1 or Type 2 household. •

5. A Disabled Individual (Types 5A and 5B)

Children, the elderly, and the disabled are the principal demographic groups served by the network of assistance programs. An

¹⁸Note, however, that our analysis neglects programs that provide meals directly to the elderly, such as the Department of Health and Human Service's Congregate Meals Program.

FIGURE 4
ELDERLY INDIVIDUAL (TYPE 4)

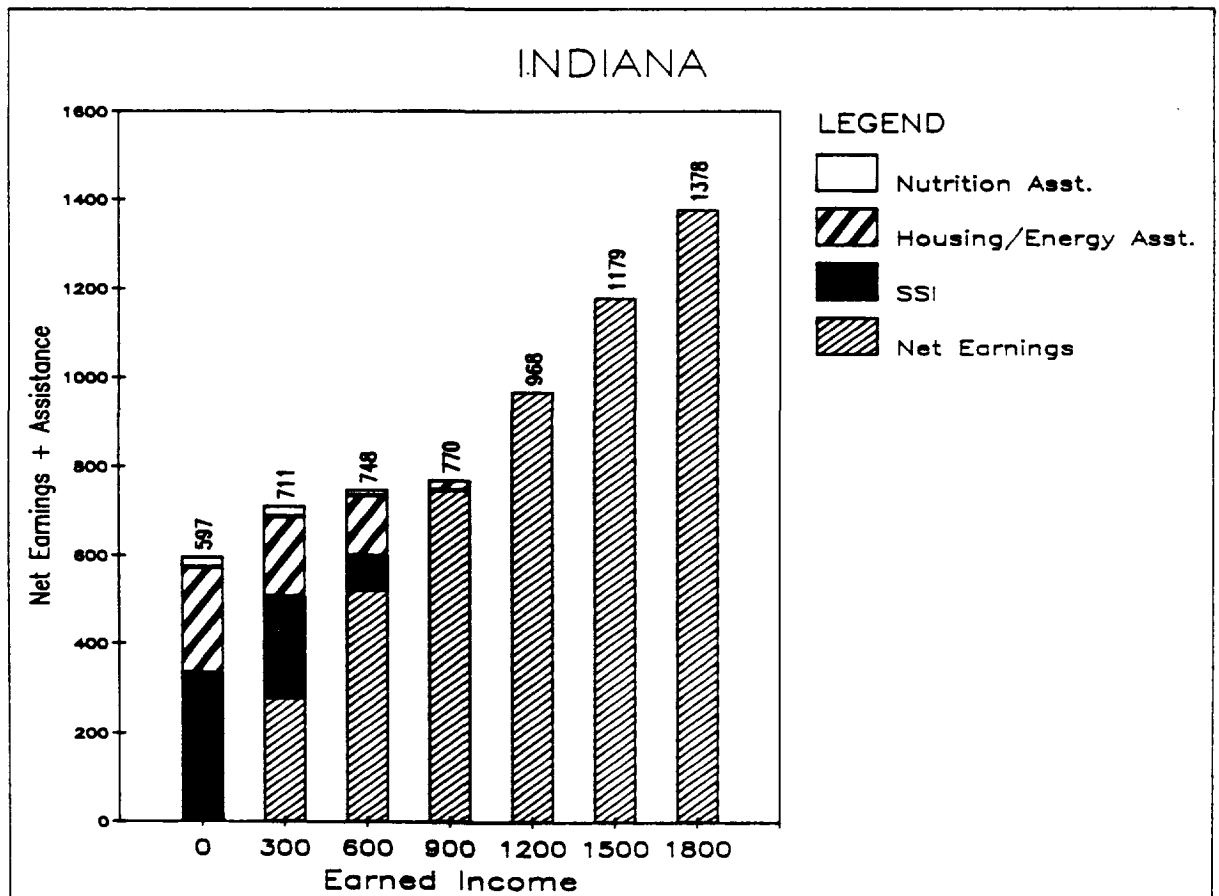
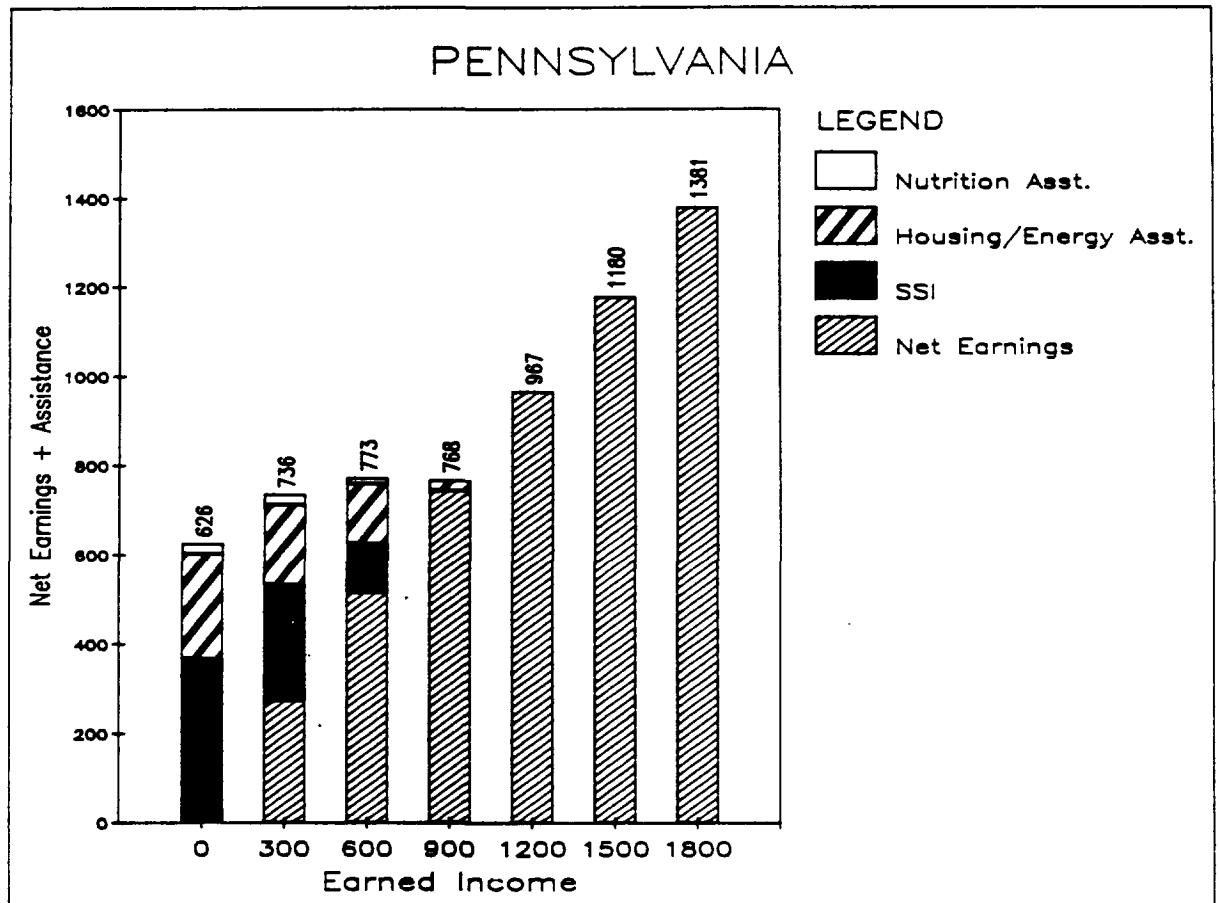


TABLE 6
MONTHLY EARNINGS AND BENEFITS FOR AN
ELDERLY INDIVIDUAL (TYPE 4)

PENNSYLVANIA					
Earned Income	Net Earnings	SSI	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance
\$ 0	\$ 0	\$368	\$235	\$23	\$ 626
300	274	261	178	23	736
600	516	111	133	13	773
900	745	0	23	0	768
1200	967	0	0	0	967
1500	1180	0	0	0	1180
1800	1381	0	0	0	1381

INDIANA					
Earned Income	Net Earnings	SSI	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance
\$ 0	\$ 0	\$336	\$238	\$23	\$ 597
300	279	229	180	23	711
600	521	79	135	13	748
900	747	0	23	0	770
1200	968	0	0	0	968
1500	1179	0	0	0	1179
1800	1378	0	0	0	1378

examination of model results for disabled persons is therefore necessary to complete the view provided by this report of the assistance available to these key groups. We consider disabled individuals in two distinctly different economic circumstances: a disabled individual with sufficient quarters of Social Security covered employment to qualify for a Disability Insurance benefit and another disabled person who does not qualify for a DI benefit and must therefore rely upon SSI.

A Disabled Worker with DI (Type 5A). A worker who becomes chronically disabled after accumulating a sufficient number of quarters of Social Security covered employment is eligible for a disability benefit under the DI portion of the OASDI (Social Security) Program. We assume that a Type 5A Household receives the December 1985 average DI benefit for an individual: \$484. As shown in Figure 5 and Table 7, this benefit is not reduced as earned income increases; an insured worker is eligible for the full benefit so long as he or she has a medically determined impairment and is unable to engage in "substantial gainful employment." Under DI regulations, earnings in excess of \$300 per month are considered to be evidence of ability to engage in substantial gainful employment.¹⁹

Because a benefit reduction rate is not applied to earned income, a large "benefit notch" exists at \$300 in monthly earnings, that is, the entire DI benefit is lost if there is any additional earned income. When

¹⁹Actually, the recipient of a DI benefit is permitted a 24-month "trial work period." During the first 12 months of this period, the full disability benefit can be received regardless of earnings, so long as a medically documented disability continues to exist. During the second 12 months, DI benefits are suspended for any month in which earnings exceed \$300, but entitlement to benefits is not terminated. Medicare benefits may be continued for 24 months after the expiration of the trial work period. For modeling purposes, we assume that the DI beneficiary is in the second 12 months of a trial work period.

FIGURE 5
DISABLED INDIVIDUAL WITH DI (TYPE 5A)

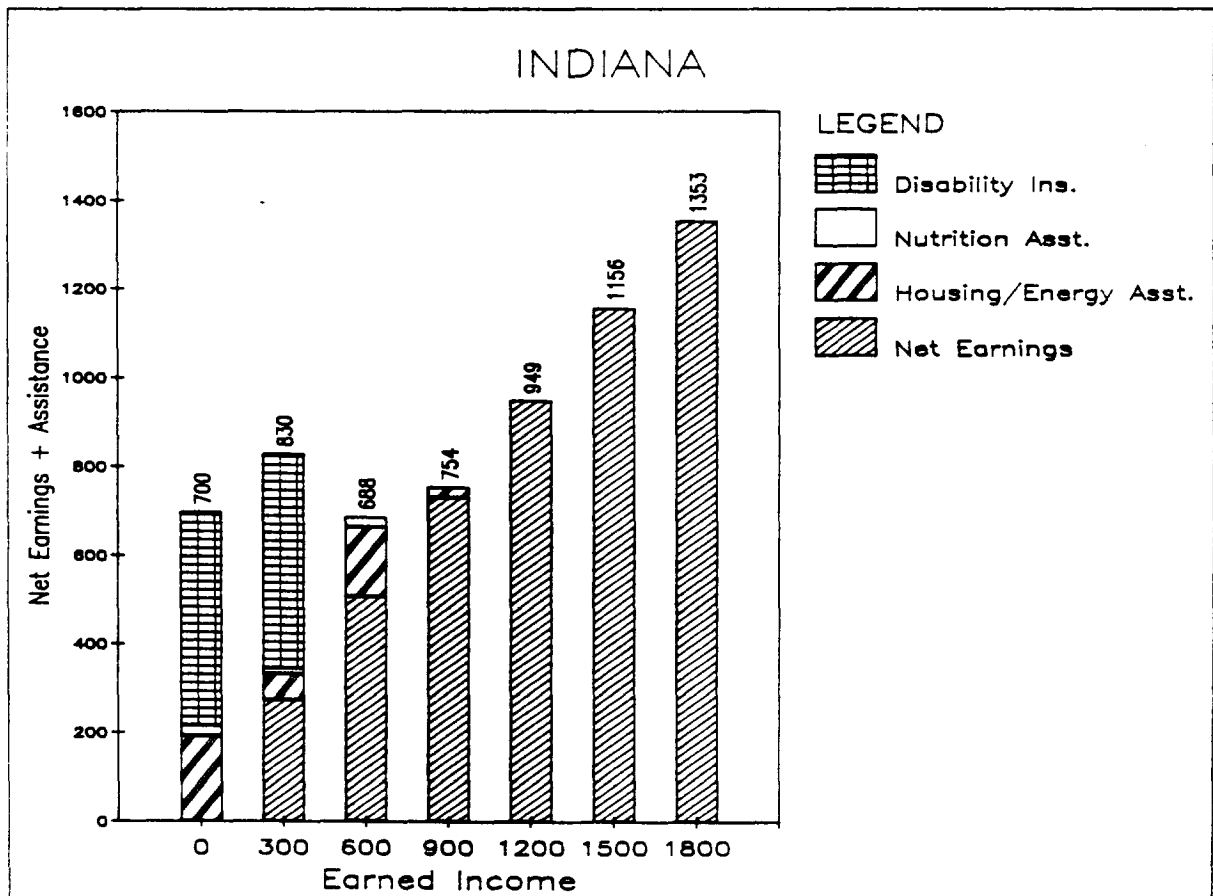
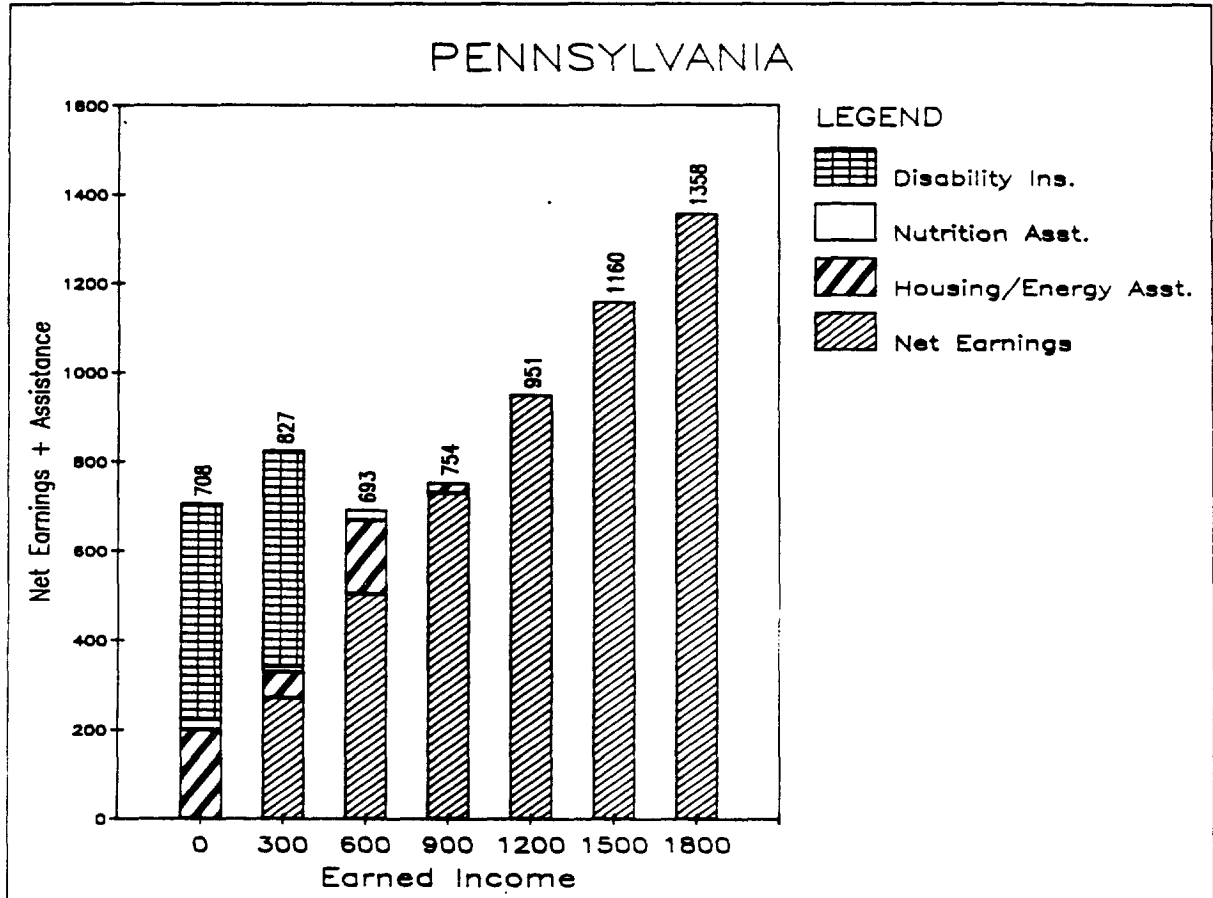


TABLE 7
MONTHLY EARNINGS AND BENEFITS FOR A
DISABLED INDIVIDUAL WITH DI (TYPE 5A)

PENNSYLVANIA					
Earned Income	Net Earnings	Housing/ Energy Asst.	Nutrition Asst.	Disability Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$201	\$23	\$484	\$ 708
300	272	58	13	484	827
600	504	166	23	0	693
900	731	23	0	0	754
1200	951	0	0	0	951
1500	1160	0	0	0	1160
1800	1358	0	0	0	1358

INDIANA					
Earned Income	Net Earnings	Housing/ Energy Asst.	Nutrition Asst.	Disability Ins.	Net Earnings + Assistance
\$ 0	\$ 0	\$193	\$23	\$484	\$ 700
300	275	58	13	484	830
600	507	158	23	0	688
900	731	23	0	0	754
1200	949	0	0	0	949
1500	1156	0	0	0	1156
1800	1353	0	0	0	1353

this occurs, benefits from nutrition programs and housing/energy programs expand somewhat, thus moderating the overall notch effect; nevertheless, Tables A.9 and A.10 in Appendix A show that the marginal tax rate (which incorporates taxes that are implicit in assistance programs, as well as income and payroll taxes) associated with an increase in monthly earnings from \$300 to \$400 exceeds 300 percent for a Type 5A Household.

At any given level of earnings, differences between Pennsylvania and Indiana in a Type 5A Household's net earnings plus total assistance are small. They arise from an \$8 difference in the average monthly LIHEAP heating assistance benefit and from small differences in state income taxes (e.g., at \$600 in monthly earnings the Pennsylvania income tax is \$14, while the Indiana income tax is \$12).

As is true for an elderly individual with SSI (a Type 4 Household), a disabled individual with DI is eligible for no more than the \$10 minimum Food Stamp benefit. At \$300 in earnings, net income exceeds the Food Stamp eligibility limit (100 percent of the poverty guidelines for households with elderly or disabled persons), so the minimum benefit is not available. By assumption, the \$13 TEFAP benefit is available so long as a Type 5A Household receives either Food Stamps or a DI benefit.

A Disabled Individual with SSI (Type 5B). An individual with a chronic medically determined impairment who has no substantial income from other sources is eligible to receive a disability benefit under the SSI Program.²⁰ Model results for such an individual--a Type 5B Household--are presented in Figure 6 and Table 8.

²⁰The recipient of a small DI benefit may also be eligible for a disability benefit through the SSI Program.

FIGURE 6
DISABLED INDIVIDUAL WITH SSI (TYPE 5B)

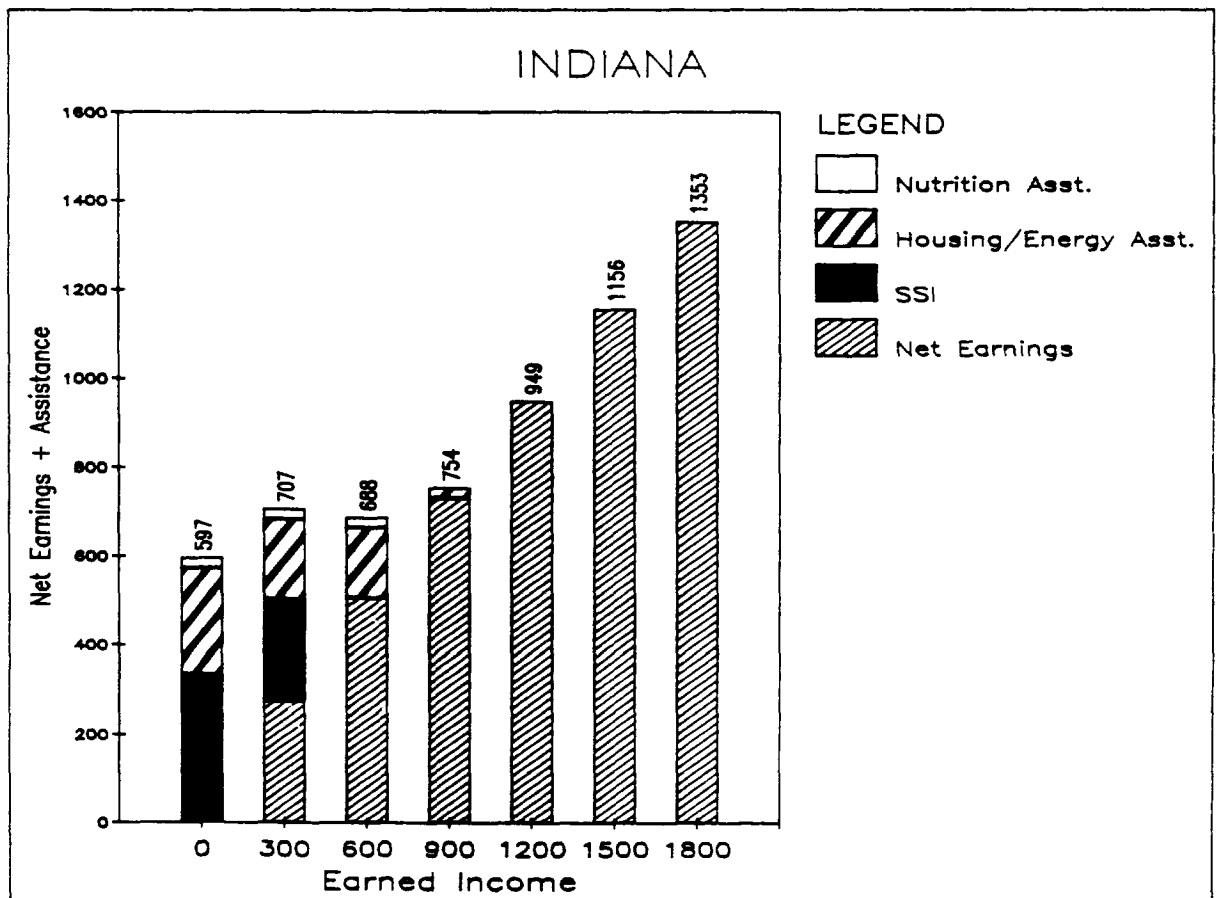
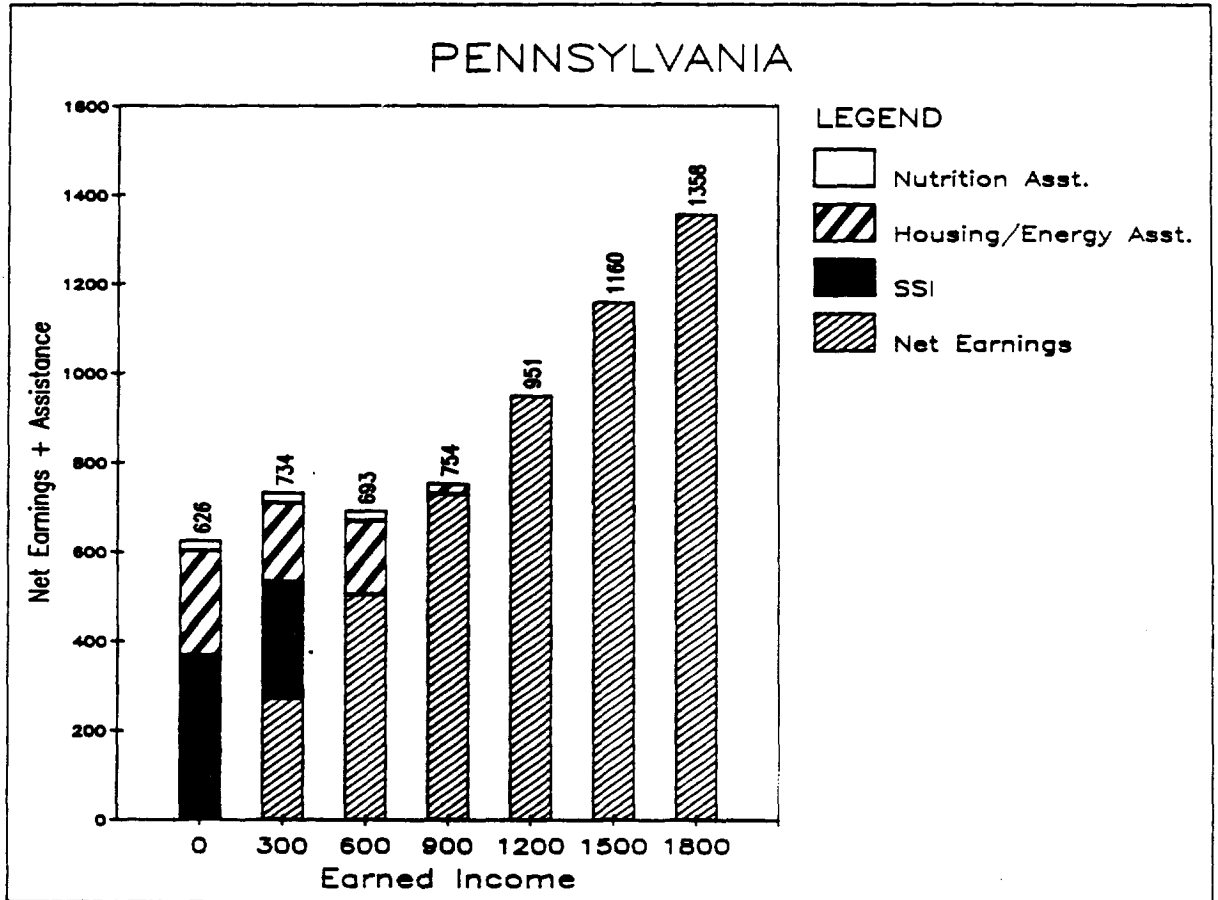


TABLE 8
MONTHLY EARNINGS AND BENEFITS FOR A
DISABLED INDIVIDUAL WITH SSI (TYPE 5B)

PENNSYLVANIA					
Earned Income	Net Earnings	SSI	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance
\$ 0	\$ 0	\$368	\$235	\$23	\$ 626
300	272	261	178	23	734
600	504	0	166	23	693
900	731	0	23	0	754
1200	951	0	0	0	951
1500	1160	0	0	0	1160
1800	1358	0	0	0	1358

INDIANA					
Earned Income	Net Earnings	SSI	Housing/ Energy Asst.	Nutrition Asst.	Net Earnings + Assistance
\$ 0	\$ 0	\$336	\$238	\$23	\$ 597
300	275	229	180	23	707
600	507	0	158	23	688
900	731	0	23	0	754
1200	949	0	0	0	949
1500	1156	0	0	0	1156
1800	1353	0	0	0	1353

The economic status of a Type 5B Household differs from that of a Type 5A Household in three principal respects. First, the SSI guarantee amount differs across states according to the amount of state supplementation, if any. Second, the SSI guarantee amount is lower than the \$484 average DI benefit in all but three states (see Appendix B); for example, the monthly guarantee amount for an individual living independently is \$368 in Pennsylvania and \$336 in Indiana. Third, the SSI benefit is reduced by \$.50 for each \$1.00 of earnings in excess of allowable income disregards.

Differences in economic status between Type 5A and Type 5B Households can be observed by comparing Figures 5 and 6. At \$0 to \$300 in monthly earnings, the total of net earnings plus assistance for a disabled worker with SSI is \$80-\$90 lower in Pennsylvania and \$100-\$120 lower in Indiana than that for a comparable disabled worker with the average DI benefit. The relatively low SSI guarantee amounts and the gradual reduction of benefits as earnings increase mean that the benefit notch at \$300 in earnings is substantially smaller than for a Type 5B Household than for a Type 5A Household; consequently, the marginal tax rate associated with an increase in earnings from \$300 to \$400 is somewhat in excess of 200 percent, as opposed to more than 300 percent for a Type 5A Household.

D. CONCLUSIONS

Since a household's state of residence is an important factor in determining the range of available assistance programs, we considered two states in our modeling the interactions of transfer and tax programs: Pennsylvania, which provides the full range of existing assistance

programs; and Indiana, which does not participate in the AFDC-UP Program, does not extend Medicaid coverage to the medically needy, and does not supplement the basic federal SSI payment. An important finding from our analysis is that, when the interaction and sequencing of diverse assistance programs are taken into account, the impact of variation among the states in program availability and benefit levels is relatively small. This is because programs with federally specified regulations governing eligibility and benefits, such as the Food Stamp and Section 8 Housing programs, partially compensate for state differences in other programs.

Results from our modeling of transfer and tax programs also show that the range of available benefits varies significantly with the type of household. Households with children are distinctive because they may be eligible to participate in four nutrition assistance programs that are not generally available to other types of households: the WIC, NSLP, SBP, and Child Care Food programs. Our model indicates that these programs may provide a 1-parent, 3-child household with as much as \$252 in nutritional benefits. (Note that the Food Stamp Program is not included in this group of programs.) In contrast, households that consist of a non-elderly, non-disabled individual are distinguished by an abbreviated range of available assistance programs and a correspondingly low level of total assistance (if, as we assumed in our modeling exercises, the UI benefit is small).

The above-cited nutrition benefit amount for a 1-parent, 3-child household is the maximum cumulative amount that could be received if the household actually participated in all of the child nutrition programs for which it is eligible. In reality, many eligible households do not

participate in one or more of these programs because of their limited availability, lack of awareness of the programs, misperceptions regarding eligibility criteria, and stigma associated with participation. These same factors are responsible for the nonparticipation of eligible households in other types of assistance programs. The reality of program nonparticipation means that the hypothetical maximum cumulative benefit amounts cited in this report for prototypical households may significantly overstate the total benefits actually received by their real-life counterparts.

For most types of households our model indicates that, as earnings increase from \$0 per month, a shift occurs in the mix of available assistance programs. Among households with children, nutrition assistance programs increase in relative importance as earnings increase, while cash assistance declines in relative importance. Among households composed of a single elderly or disabled individual, nutrition assistance is small at all levels of earnings. As the earnings of such households increase, cash assistance in the form of SSI and DI diminishes in relative importance, while housing/energy assistance increases in relative importance. However, it should be noted that medical assistance is a very important benefit for such households and, while we modeled eligibility for Medicare and Medicaid, we did not attempt to compute the value of those benefits to the recipient.

Other than identifying the existence of "benefit notches," the body of this report did not focus on the work incentives implicit in the overall marginal tax rates on earnings faced by the different types of households that we have considered. However, the marginal tax rates

computed by the model are presented in Appendix A. There it is shown that households with children and with some form of assistance face marginal tax rates of 35-90 percent over a wide range of earnings. In general, tax rates are higher for such households with high benefit guarantee amounts (e.g., a 1-parent, 3-child household in Pennsylvania) and lower for such households with low benefit guarantee amounts (e.g., a 2-parent, 2-child household in Indiana). Among households that consist of an elderly or disabled individual and that receive some governmental assistance, marginal tax rates of 50-90 percent are common. Because non-elderly, non-disabled individuals are eligible for so few assistance programs, their marginal tax rates (while actually receiving benefits) are generally the lowest of all the household types that we have considered, with an approximate range of 25-75 percent.

The marginal tax rates on earnings faced by households that participate in assistance programs are, in general, much higher than those faced by comparable households with more substantial earnings and no assistance; nevertheless, they are usually (but not always) less than 100 percent and thus provide some incentive for program participants to increase their hours of paid labor.

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APPENDIX A

DETAILED RESULTS OF MODELING EXERCISES

1. Introduction to the Tables in Appendix A

The tables in this appendix present detailed results of the modeling of benefits and taxes for the six types of households that are the basis for the results presented in the body of this report:

- Type 1 A single-parent household with three children, ages 1, 4, and 6 years (parent not eligible for Unemployment Insurance benefits)
- Type 2 A two-parent household with two children, ages 4 and 6 years (principal wage earner eligible for Unemployment Insurance benefits)
- Type 3 A non-elderly, non-disabled individual (eligible for Unemployment Insurance benefits)
- Type 4 An elderly individual
- Type 5A A disabled adult eligible for Social Security Disability Insurance benefits
- Type 5B A disabled adult eligible for Supplemental Security Income

Results of the modeling exercises are presented separately for households assumed to be residing in the states of Pennsylvania and Indiana.

In the body of the report, model estimates of tax and benefit amounts are aggregated for categories of related programs and findings are presented at \$300 intervals in monthly earnings. In this appendix, model estimates for 18 individual tax and transfer programs are given at \$100 earnings intervals. The following list presents the categories of programs considered in this study on the left-hand side and the individual programs on the right-hand side:

- | | |
|--------------|---|
| <u>Taxes</u> | <ul style="list-style-type: none">o State Income Taxo Federal Income Taxo Social Security Payroll Tax |
|--------------|---|

- | | |
|----------------------------------|--|
| <u>Cash Assistance</u> | <ul style="list-style-type: none"> o Earned Income Tax Credit (EITC) o Unemployment Insurance (UI) o Aid to Families with Dependent Children (AFDC) o Supplemental Security Income (SSI) o Social Security Disability Insurance (DI) |
| <u>Nutrition Assistance</u> | <ul style="list-style-type: none"> o Food Stamps o Special Supplemental Program for Women, Infants, and Children (WIC) o National School Lunch Program (NSLP) o School Breakfast Program (SBP) o Child Care Food Program o Temporary Emergency Food Assistance Program (TEFAP) |
| <u>Housing/Energy Assistance</u> | <ul style="list-style-type: none"> o Section 8 Lower-Income Housing Assistance o Low-Income Home Energy Assistance Program (LIHEAP) |
| <u>Medical Assistance</u> | <ul style="list-style-type: none"> o Medicaid o Medicare |

It should be noted that the amounts shown in the column labeled "Maximum Total Assistance" in the first part of each of the two-part appendix tables are maximum amounts of assistance, accumulated over all of the transfer programs for which a household is potentially eligible. These amounts were generated by a computer model which assumes that a household participates in every program for which it is eligible. In reality, most low-income households do not participate in all of the programs for which they are potentially eligible. Consequently, the typical low-income household receives total assistance that is less than its maximum potential total assistance.

2. An Example of the Use of the Tables in Appendix A

An example of how the reader might use the tables in this appendix is the development of case examples. This permits the comparison of

assistance levels in states of varying generosity at different levels of earned income. Suggested steps for developing such a case example are as follows:

1. Select one of the six household types. (To illustrate, we select a Type 1 Household--a single parent with three dependent children.)
2. Select either state. (We select Indiana.)
3. Use the table index on pages vii-viii to locate the detailed table for the selected household type and state. (A Type 1 Household in Indiana is presented on pages A-7 and A-8.)
4. Begin by noting the range of cash and in-kind assistance available to the selected household. A household's categorical ineligibility for a program may be indicated either by "NA" or by the absence of a program from the table. (Our illustrative household is eligible for 11 transfer programs over a range of earned income.)
5. Examine how amounts of assistance from specific programs and how the total amount of assistance from all programs change as earned income rises. (In our illustrative case, as earned income initially rises, the household's EITC and assistance from the Child Care Food Program increase; AFDC, Food Stamps, and Section 8 Housing assistance decrease; and benefits from other programs remain stable. Total assistance is \$912 at \$0 of earned income and no assistance is available when the household reaches \$1,700 in monthly earnings.)
6. Assess Food Stamp and/or total in-kind benefits as a percent of total assistance. (In our example, at \$0 of earned income, Food Stamps account for 22 percent of total cash and in-kind assistance, while all in-kind assistance represents 65 percent of total assistance. As the household's earned income increases, the relative importance of Food Stamps declines and the relative importance of all in-kind benefits increases.)
7. Examine liabilities under state and federal tax programs and note how these affect total benefits plus earnings net of taxes at different levels of earned income. (NOTE: The model assigns tax liabilities on

the basis of 1985 state and federal tax codes; thus, the results presented in this appendix and in the body of the report do not incorporate the effects of the Federal Tax Reform Act of 1986. See page 3 of the body of the report for a discussion of the probable effects of that Act on these results. Under 1985 federal tax law, the illustrative household did not pay federal income taxes until monthly earnings exceeded \$1,200, nor state income taxes until earnings exceeded \$400.)

8. Evaluate how different combinations of earnings, cash benefits, in-kind benefits, and taxes compare with the poverty level. (If in-kind benefits and taxes are excluded, the illustrative household does not attain the poverty level until \$900 in earnings. If in-kind benefits are included, the household exceeds the poverty level with no earnings.)
9. Examine how the marginal tax rate varies with earnings. Note that the marginal tax rate incorporates both positive taxes (e.g., payroll and income taxes) and implicit program taxes (e.g., benefit reduction rates). (The illustrative household generally faces marginal tax rates of 45-70 percent over a wide range of earnings, with higher rates at earnings levels where eligibility for assistance is lost.)
10. Findings for any given household type can be compared with findings for other types of households in the same state or with findings for the same type of household in another state. (A Type 1 Household with no earnings receives a \$150 larger AFDC benefit in Pennsylvania than in Indiana; however, this difference is largely offset by increased Food Stamps (+\$45) and Section 8 Housing assistance (+\$45) in Indiana. Total assistance for a Type 1 Household with no earnings is \$68 higher in Pennsylvania than in Indiana.)

TABLE A.1
 HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
 1-PARENT, 3-CHILD HOUSEHOLD (TYPE 1)--PENNSYLVANIA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	AFDC	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	Sch. WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$ 0	\$466	\$158	\$64	\$31	\$17	\$ 0	\$13	\$179	\$53	Elig	\$980
100	11	466	147	64	31	17	24	13	162	53	Elig	987
200	22	462	137	64	31	17	48	13	147	53	Elig	993
300	33	421	137	64	31	17	72	13	143	53	Elig	983
400	44	347	132	64	31	17	96	13	148	53	Elig	944
500	46	279	128	64	31	17	121	13	154	53	Elig	905
600	39	217	125	64	31	17	140	13	158	53	Elig	856
700	26	158	122	64	31	17	140	13	150	53	Elig	773
800	14	100	119	64	31	17	140	13	141	53	Elig	691
900	2	41	116	64	31	17	140	13	132	53	Elig	609
1000	0	0	105	64	31	17	140	13	115	53	Inelig	537
1100	0	0	81	64	31	17	140	13	85	53	Inelig	483
1200	0	0	0	64	22	10	98	0	55	53	Inelig	301
1300	0	0	0	64	22	10	98	0	25	53	Inelig	271
1400	0	0	0	64	22	10	98	0	0	0	Inelig	193
1500	0	0	0	64	22	10	98	0	0	0	Inelig	193
1600	0	0	0	64	22	10	98	0	0	0	Inelig	193
1700	0	0	0	0	0	0	0	0	0	0	Inelig	0
1800	0	0	0	0	0	0	0	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

TABLE A.1--TYPE 1, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes			Net Earnings + Total Asst.	Marginal Tax Rate	Percent of Poverty (\$888)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA			Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	16%	52%	\$ 0	\$ 0	\$ 0	\$ 980	NA%	52%	110%	110%
100	15	52	0	0	7	1080	0	65	122	122
200	14	51	0	0	14	1179	.1	77	134	133
300	14	54	0	0	21	1262	17	85	144	142
400	14	59	0	0	28	1316	46	89	151	148
500	14	64	5	0	35	1365	52	93	158	154
600	15	70	14	0	42	1399	65	96	164	158
700	16	76	16	0	49	1407	92	100	166	158
800	17	84	19	0	56	1416	92	103	168	159
900	19	93	21	0	63	1424	92	106	170	160
1000	20	100	24	0	71	1443	81	113	173	163
1100	17	100	26	0	78	1480	63	124	178	167
1200	0	100	28	0	85	1389	191	135	169	156
1300	0	100	31	10	92	1440	49	146	177	162
1400	0	100	33	30	99	1432	108	158	179	161
1500	0	100	35	48	106	1504	27	169	191	169
1600	0	100	38	69	113	1574	31	180	202	177
1700	NA	NA	40	92	120	1449	225	191	191	163
1800	NA	NA	42	112	127	1519	29	203	203	171

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 1 may exist due to rounding.

NOTE 3: A Pennsylvania household whose income disqualifies it for public assistance and, hence, for standard Medicaid coverage, may qualify for Medicaid under the medically needy program.

TABLE A.2
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
1-PARENT, 3-CHILD HOUSEHOLD (TYPE 1)--INDIANA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
			Nutrition Assistance						Other In-Kind Asst.			Assistance*
	EITC	AFDC	Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$ 0	\$316	\$203	\$64	\$31	\$17	\$ 0	\$13	\$224	\$45	Elig	\$912
100	11	316	192	64	31	17	24	13	207	45	Elig	920
200	22	312	182	64	31	17	48	13	192	45	Elig	926
300	33	271	182	64	31	17	72	13	188	45	Elig	915
400	44	197	177	64	31	17	96	13	193	45	Elig	877
500	46	129	173	64	31	17	121	13	199	45	Elig	837
600	39	67	170	64	31	17	140	13	203	45	Elig	788
700	26	0	169	64	31	17	140	13	197	45	Inelig	702
800	14	0	149	64	31	17	140	13	171	45	Inelig	643
900	2	0	129	64	31	17	140	13	144	45	Inelig	584
1000	0	0	105	64	31	17	140	13	115	45	Inelig	530
1100	0	0	81	64	31	17	140	13	85	45	Inelig	476
1200	0	0	0	64	22	10	98	0	55	45	Inelig	294
1300	0	0	0	64	22	10	98	0	25	45	Inelig	264
1400	0	0	0	64	22	10	98	0	0	0	Inelig	193
1500	0	0	0	64	22	10	98	0	0	0	Inelig	193
1600	0	0	0	64	22	10	98	0	0	0	Inelig	193
1700	0	0	0	0	0	0	0	0	0	0	Inelig	0
1800	0	0	0	0	0	0	0	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

TABLE A.2--TYPE 1, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes			Net Earnings + Total Asst.	Marginal Tax Rate	Percent of Poverty (\$888)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA			Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	22%	65%	\$ 0	\$ 0	\$ 0	\$ 912	NA%	36%	103%	103%
100	21	64	0	0	7	1013	0	48	115	114
200	20	64	0	0	14	1112	1	60	127	125
300	20	67	0	0	21	1194	17	68	137	134
400	20	73	0	0	28	1248	46	72	144	141
500	21	79	2	0	35	1299	49	76	151	146
600	22	87	6	0	42	1340	59	79	156	151
700	24	96	8	0	49	1344	95	82	158	151
800	23	98	11	0	56	1376	68	92	163	155
900	22	100	13	0	63	1408	69	102	167	159
1000	20	100	16	0	71	1443	65	113	172	162
1100	17	100	19	0	78	1479	64	124	177	167
1200	0	100	22	0	85	1387	192	135	168	156
1300	0	100	25	10	92	1437	50	146	176	162
1400	0	100	28	30	99	1436	101	158	179	162
1500	0	100	31	48	106	1508	28	169	191	170
1600	0	100	34	69	113	1577	31	180	202	178
1700	NA	NA	37	92	120	1451	226	191	191	163
1800	NA	NA	40	112	127	1519	30	203	203	171

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 1 may exist due to rounding.

NOTE 3: Indiana does not cover the medically needy under its Medicaid program.

TABLE A.3
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
2-PARENT, 2-CHILD HOUSEHOLD (TYPE 2)--PENNSYLVANIA

Earned Income	Cash Assistance			In-Kind Assistance									Max. Total
	EITC	Unemploy- ment Ins.	AFDC-UP	Nutrition Assistance						Other In-Kind Asst.			Assistance*
				Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$ 0	\$173	\$293	\$158	\$32	\$31	\$17	\$ 0	\$13	\$167	\$53	Elig	\$936
100	11	173	293	134	32	31	17	6	13	138	53	Elig	901
200	22	142	264	129	32	31	17	12	13	127	53	Elig	842
300	33	92	249	125	32	31	17	18	13	117	53	Elig	780
400	44	42	234	122	32	31	17	24	13	107	53	Elig	719
500	46	0	218	119	32	31	17	30	13	99	53	Elig	657
600	39	0	165	117	32	31	17	36	13	91	53	Elig	593
700	26	0	0	150	32	31	17	42	13	118	53	Elig**	482
800	14	0	0	134	32	31	17	48	13	96	53	Elig**	438
900	2	0	0	118	32	31	17	54	13	74	53	Elig**	393
1000	0	0	0	99	32	31	17	60	13	48	53	Inelig	353
1100	0	0	0	79	32	31	17	66	13	22	53	Inelig	313
1200	0	0	0	0	32	22	10	49	0	0	53	Inelig	166
1300	0	0	0	0	32	22	10	49	0	0	53	Inelig	166
1400	0	0	0	0	32	22	10	49	0	0	0	Inelig	113
1500	0	0	0	0	32	22	10	49	0	0	0	Inelig	113
1600	0	0	0	0	32	22	10	49	0	0	0	Inelig	113
1700	0	0	0	0	0	0	0	0	0	0	0	Inelig	0
1800	0	0	0	0	0	0	0	0	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Children under age 5 born after 9-30-83 and pregnant women are eligible for Medicaid coverage even if no AFDC benefit is received, so long as the AFDC income and resource requirements are satisfied.

TABLE A.3--TYPE 2, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$888)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	17%	50%	\$ 0	\$ 0	\$ 0	\$ 936	NA%	52%	105%	105%
100	15	47	0	0	7	994	42	65	113	112
200	15	49	0	0	14	1028	66	71	117	116
300	16	52	0	0	21	1059	68	76	122	119
400	17	55	0	0	28	1091	68	81	126	123
500	18	60	5	0	35	1117	74	86	130	126
600	20	66	14	0	42	1137	80	91	134	128
700	31	95	16	0	49	1117	120	82	133	126
800	31	97	19	0	56	1163	54	92	139	131
900	30	99	21	0	63	1209	54	102	146	136
1000	28	100	24	0	71	1259	50	113	152	142
1100	25	100	26	10	78	1300	59	124	159	146
1200	0	100	28	23	85	1230	170	135	154	139
1300	0	100	31	37	92	1307	23	146	165	147
1400	0	100	33	53	99	1329	78	158	170	150
1500	0	100	35	69	106	1403	25	169	182	158
1600	0	100	38	86	113	1476	27	180	193	166
1700	NA	NA	40	104	120	1436	140	191	191	162
1800	NA	NA	42	121	127	1510	27	203	203	170

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 2 may exist due to rounding.

NOTE 3: A Pennsylvania household whose income disqualifies it for public assistance and, hence, for standard Medicaid coverage, may qualify for Medicaid under the medically needy program.

TABLE A.4
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
2-PARENT, 2-CHILD HOUSEHOLD (TYPE 2)--INDIANA

Earned Income	Cash Assistance			In-Kind Assistance									Max. Total
	EITC	Unemploy- ment Ins.	AFDC-UP	Nutrition Assistance						Other In-Kind Asst.			Assistance*
				Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$ 0	\$173	\$NA	\$246	\$32	\$31	\$17	\$ 0	\$13	\$255	\$45	Elig**	\$811
100	11	158	NA	227	32	31	17	6	13	231	45	Elig**	770
200	22	108	NA	219	32	31	17	12	13	216	45	Elig**	714
300	33	58	NA	211	32	31	17	18	13	202	45	Elig**	659
400	44	0	NA	205	32	31	17	24	13	190	45	Elig**	601
500	46	0	NA	184	32	31	17	30	13	164	45	Elig**	562
600	39	0	NA	167	32	31	17	36	13	140	45	Elig**	519
700	26	0	NA	150	32	31	17	42	13	118	45	Inelig	475
800	14	0	NA	134	32	31	17	48	13	96	45	Inelig	430
900	2	0	NA	118	32	31	17	54	13	74	45	Inelig	386
1000	0	0	NA	99	32	31	17	60	13	48	45	Inelig	345
1100	0	0	NA	79	32	31	17	66	13	22	45	Inelig	305
1200	0	0	NA	0	32	22	10	49	0	0	45	Inelig	158
1300	0	0	NA	0	32	22	10	49	0	0	45	Inelig	158
1400	0	0	NA	0	32	22	10	49	0	0	0	Inelig	113
1500	0	0	NA	0	32	22	10	49	0	0	0	Inelig	113
1600	0	0	NA	0	32	22	10	49	0	0	0	Inelig	113
1700	0	0	NA	0	0	0	0	0	0	0	0	Inelig	0
1800	0	0	NA	0	0	0	0	0	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Children under age 5 born after 9-30-83 and pregnant women are eligible for Medicaid coverage even if no AFDC benefit is received, so long as the AFDC income and resource requirements are satisfied.

TABLE A.4--TYPE 2, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes			Percent of Poverty (\$888)				
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	30%	79%	\$ 0	\$ 0	\$ 0	\$ 811	NA%	19%	91%	91%
100	29	78	0	0	7	863	49	30	98	97
200	31	82	0	0	14	900	62	37	103	101
300	32	86	0	0	21	938	62	44	108	106
400	34	93	0	0	28	973	65	50	113	110
500	33	92	1	0	35	1025	47	61	120	115
600	32	93	4	0	42	1073	52	72	126	121
700	32	94	7	0	49	1118	55	82	132	126
800	31	97	10	0	56	1164	55	92	139	131
900	31	99	13	0	63	1209	55	102	145	136
1000	29	100	16	0	71	1258	51	113	151	142
1100	26	100	19	10	78	1299	59	124	158	146
1200	0	100	22	23	85	1229	170	135	153	138
1300	0	100	25	37	92	1305	24	146	164	147
1400	0	100	28	53	99	1333	71	158	170	150
1500	0	100	31	69	106	1407	26	169	182	158
1600	0	100	34	86	113	1480	28	180	193	167
1700	NA	NA	37	104	120	1439	141	191	191	162
1800	NA	NA	40	121	127	1512	27	203	203	170

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 2 may exist due to rounding.

NOTE 3: Indiana does not cover the medically needy under its Medicaid program.

TABLE A.5
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
NON-ELDERLY, NON-DISABLED INDIVIDUAL (TYPE 3)--PENNSYLVANIA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	Unemploy- ment Ins.	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	Sch. WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$NA	\$152	\$80	\$NA	\$NA	\$NA	\$NA	\$13	\$NA	\$53	NA	\$298
100	NA	113	80	NA	NA	NA	NA	13	NA	53	NA	259
200	NA	13	80	NA	NA	NA	NA	13	NA	53	NA	159
300	NA	0	80	NA	NA	NA	NA	13	NA	53	NA	146
400	NA	0	58	NA	NA	NA	NA	13	NA	53	NA	123
500	NA	0	29	NA	NA	NA	NA	13	NA	53	NA	95
600	NA	0	0	NA	NA	NA	NA	0	NA	53	NA	53
700	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
800	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
900	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1000	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1100	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1200	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1300	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1400	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1500	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1600	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1700	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1800	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

TABLE A.5--TYPE 3, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	27%	49%	\$ 0	\$ 0	\$ 0	\$ 298	NA%	35%	68%	68%
100	31	56	0	0	7	352	46	49	82	80
200	50	92	0	0	14	345	107	49	82	79
300	55	100	5	2	21	418	26	68	102	95
400	47	100	9	13	28	473	45	91	119	108
500	31	100	12	25	35	522	51	114	136	119
600	0	100	14	39	42	557	65	137	149	127
700	NA	NA	16	54	49	580	77	160	160	132
800	NA	NA	19	69	56	656	24	183	183	150
900	NA	NA	21	85	63	731	25	205	205	167
1000	NA	NA	24	101	71	805	25	228	228	184
1100	NA	NA	26	118	78	878	27	251	251	201
1200	NA	NA	28	136	85	951	27	274	274	217
1300	NA	NA	31	156	92	1022	29	297	297	233
1400	NA	NA	33	176	99	1092	30	320	320	249
1500	NA	NA	35	199	106	1160	32	342	342	265
1600	NA	NA	38	222	113	1227	32	365	365	280
1700	NA	NA	40	246	120	1294	33	388	388	295
1800	NA	NA	42	272	127	1358	35	411	411	310

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 3 may exist due to rounding.

TABLE A.6
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
NON-ELDERLY, NON-DISABLED INDIVIDUAL (TYPE 3)--INDIANA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	Unemploy- ment Ins.	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$NA	\$173	\$80	\$NA	\$NA	\$NA	\$NA	\$13	\$NA	\$45	NA	\$311
100	NA	108	80	NA	NA	NA	NA	13	NA	45	NA	246
200	NA	0	80	NA	NA	NA	NA	13	NA	45	NA	138
300	NA	0	80	NA	NA	NA	NA	13	NA	45	NA	138
400	NA	0	58	NA	NA	NA	NA	13	NA	45	NA	116
500	NA	0	29	NA	NA	NA	NA	13	NA	45	NA	87
600	NA	0	0	NA	NA	NA	NA	0	NA	45	NA	45
700	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
800	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
900	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1000	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1100	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1200	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1300	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1400	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1500	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1600	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1700	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0
1800	NA	0	0	NA	NA	NA	NA	0	NA	0	NA	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

TABLE A.6--TYPE 3, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	26%	44%	\$ 0	\$ 0	\$ 0	\$ 311	NA%	39%	71%	71%
100	33	56	0	0	7	339	72	47	79	77
200	58	100	0	0	14	324	115	46	77	74
300	58	100	3	2	21	413	11	68	100	94
400	50	100	6	13	28	469	44	91	118	107
500	33	100	9	25	35	518	51	114	134	118
600	0	100	12	39	42	552	66	137	147	126
700	NA	NA	15	54	49	582	70	160	160	133
800	NA	NA	18	69	56	657	25	183	183	150
900	NA	NA	21	85	63	731	26	205	205	167
1000	NA	NA	24	101	71	805	26	228	228	184
1100	NA	NA	27	118	78	878	28	251	251	200
1200	NA	NA	30	136	85	949	28	274	274	217
1300	NA	NA	33	156	92	1020	30	297	297	233
1400	NA	NA	36	176	99	1089	30	320	320	249
1500	NA	NA	39	199	106	1156	33	342	342	264
1600	NA	NA	42	222	113	1223	33	365	365	279
1700	NA	NA	45	246	120	1289	34	388	388	294
1800	NA	NA	48	272	127	1353	36	411	411	309

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 3 may exist due to rounding.

TABLE A.7
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR AN
ELDERLY INDIVIDUAL (TYPE 4)—PENNSYLVANIA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	SSI	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	Sch. WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$NA	\$368	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$183	\$53	Elig	\$626
100	NA	361	10	NA	NA	NA	NA	13	155	53	Elig	591
200	NA	311	10	NA	NA	NA	NA	13	140	53	Elig	526
300	NA	261	10	NA	NA	NA	NA	13	125	53	Elig	461
400	NA	211	10	NA	NA	NA	NA	13	110	53	Elig	396
500	NA	161	0	NA	NA	NA	NA	13	95	53	Elig	321
600	NA	111	0	NA	NA	NA	NA	13	80	53	Elig	256
700	NA	61	0	NA	NA	NA	NA	13	65	53	Elig	191
800	NA	11	0	NA	NA	NA	NA	13	50	53	Elig	126
900	NA	0	0	NA	NA	NA	NA	0	23	0	Inelig	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it

TABLE A.7--TYPE 4, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	2%	41%	\$ 0	\$ 0	\$ 0	\$ 626	NA%	84%	143%	143%
100	2	39	0	0	7	684	42	105	158	156
200	2	41	0	0	14	712	72	117	166	163
300	2	44	5	0	21	735	77	128	174	168
400	3	47	9	3	28	756	80	139	182	173
500	0	50	12	14	35	760	96	151	187	173
600	0	57	14	27	42	773	87	162	195	176
700	0	68	16	41	49	784	88	174	203	179
800	0	92	19	56	56	795	89	185	211	182
900	0	100	21	71	63	768	128	205	211	175
1000	NA	NA	24	87	71	819	48	228	228	187
1100	NA	NA	26	103	78	894	25	251	251	204
1200	NA	NA	28	121	85	967	27	274	274	221
1300	NA	NA	31	139	92	1039	28	297	297	237
1400	NA	NA	33	159	99	1110	29	320	320	253
1500	NA	NA	35	179	106	1180	30	342	342	269
1600	NA	NA	38	202	113	1247	32	365	365	285
1700	NA	NA	40	225	120	1315	32	388	388	300
1800	NA	NA	42	250	127	1381	34	411	411	315

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 4 may exist due to rounding.

NOTE 3: An individual in Pennsylvania whose income disqualifies him/her for public assistance and, hence, for standard Medicaid coverage, may qualify for Medicaid under the medically needy program.

TABLE A.8
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR AN
ELDERLY INDIVIDUAL (TYPE 4)--INDIANA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	SSI	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$NA	\$336	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$192	\$45	Elig	\$597
100	NA	329	10	NA	NA	NA	NA	13	164	45	Elig	561
200	NA	279	10	NA	NA	NA	NA	13	149	45	Elig	496
300	NA	229	10	NA	NA	NA	NA	13	134	45	Elig	431
400	NA	179	10	NA	NA	NA	NA	13	119	45	Elig	366
500	NA	129	10	NA	NA	NA	NA	13	104	45	Elig	301
600	NA	79	0	NA	NA	NA	NA	13	89	45	Elig	226
700	NA	29	0	NA	NA	NA	NA	13	74	45	Elig	161
800	NA	0	0	NA	NA	NA	NA	13	53	0	Elig	53
900	NA	0	0	NA	NA	NA	NA	0	23	0	Inelig	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Inelig	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

TABLE A.8--TYPE 4, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes			Net Earnings + Total Asst.	Marginal Tax Rate	Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA			Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	2%	44%	\$ 0	\$ 0	\$ 0	\$ 597	NA%	77%	136%	136%
100	2	41	0	0	7	654	42	98	151	149
200	2	44	0	0	14	682	72	109	159	156
300	2	47	0	0	21	710	72	121	167	162
400	3	51	3	3	28	732	78	132	175	167
500	3	57	6	14	35	745	86	143	183	170
600	0	65	9	27	42	747	98	155	189	171
700	0	82	12	41	49	758	89	166	197	173
800	0	100	15	56	56	725	133	183	195	166
900	0	100	18	71	63	770	55	205	211	176
1000	NA	NA	21	87	71	821	49	228	228	188
1100	NA	NA	24	103	78	895	26	251	251	204
1200	NA	NA	27	121	85	968	28	274	274	221
1300	NA	NA	30	139	92	1039	28	297	297	237
1400	NA	NA	33	159	99	1109	30	320	320	253
1500	NA	NA	36	179	106	1179	31	342	342	269
1600	NA	NA	39	202	113	1245	33	365	365	284
1700	NA	NA	42	225	120	1312	33	388	388	300
1800	NA	NA	45	250	127	1378	35	411	411	315

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 4 may exist due to rounding.

NOTE 3: Indiana does not cover the medically needy under its Medicaid program.

TABLE A.9
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
DISABLED INDIVIDUAL WITH DI (TYPE 5A)—PENNSYLVANIA

Earned Income	Cash Assistance		In-Kind Assistance								Max. Total	
	EITC	Disabil- ity Ins.	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	Sch. WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- care	
\$ 0	\$NA	\$484	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$148	\$53	Elig	\$708
100	NA	484	0	NA	NA	NA	NA	13	118	53	Elig	668
200	NA	484	0	NA	NA	NA	NA	13	88	0	Elig	585
300	NA	484	0	NA	NA	NA	NA	13	58	0	Elig	555
400	NA	0	13	NA	NA	NA	NA	13	173	53	Elig**	252
500	NA	0	10	NA	NA	NA	NA	13	143	53	Elig**	219
600	NA	0	10	NA	NA	NA	NA	13	113	53	Elig**	189
700	NA	0	0	NA	NA	NA	NA	0	83	0	Elig**	83
800	NA	0	0	NA	NA	NA	NA	0	53	0	Elig**	53
900	NA	0	0	NA	NA	NA	NA	0	23	0	Elig**	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Despite being ineligible for DI due to earnings in excess of \$300, a disabled person may be eligible for Medicare if the DI 24-month "trial work period" is in effect. Medicare coverage may also be continued for 24 months after the expiration of the trial work period.

TABLE A.9--TYPE 5A, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	1%	32%	\$ 0	\$ 0	\$ 0	\$ 708	NA%	111%	162%	162%
100	0	28	0	0	7	761	47	133	175	174
200	0	17	0	0	14	771	90	156	179	176
300	0	13	5	2	21	827	44	179	195	189
400	5	100	9	13	28	602	325	91	149	137
500	5	100	12	25	35	646	55	114	164	148
600	5	100	14	39	42	693	53	137	180	158
700	0	100	16	54	49	663	130	160	179	151
800	0	100	19	69	56	709	54	183	195	162
900	0	100	21	85	63	754	55	205	211	172
1000	NA	NA	24	101	71	805	48	228	228	184
1100	NA	NA	26	118	78	878	27	251	251	201
1200	NA	NA	28	136	85	951	27	274	274	217
1300	NA	NA	31	156	92	1022	29	297	297	233
1400	NA	NA	33	176	99	1092	30	320	320	249
1500	NA	NA	35	199	106	1160	32	342	342	265
1600	NA	NA	38	222	113	1227	32	365	365	280
1700	NA	NA	40	246	120	1294	33	388	388	295
1800	NA	NA	42	272	127	1358	35	411	411	310

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 5 may exist due to rounding.

TABLE A.10
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
DISABLED INDIVIDUAL WITH DI (TYPE 5A)--INDIANA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	Disabil- ity Ins.	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- care	
\$ 0	\$NA	\$484	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$148	\$45	Elig	\$700
100	NA	484	0	NA	NA	NA	NA	13	118	45	Elig	660
200	NA	484	0	NA	NA	NA	NA	13	88	0	Elig	585
300	NA	484	0	NA	NA	NA	NA	13	58	0	Elig	555
400	NA	0	13	NA	NA	NA	NA	13	173	45	Elig**	245
500	NA	0	10	NA	NA	NA	NA	13	143	45	Elig**	211
600	NA	0	10	NA	NA	NA	NA	13	113	45	Elig**	181
700	NA	0	0	NA	NA	NA	NA	0	83	0	Elig**	83
800	NA	0	0	NA	NA	NA	NA	0	53	0	Elig**	53
900	NA	0	0	NA	NA	NA	NA	0	23	0	Elig**	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Despite being ineligible for DI due to earnings in excess of \$300, a disabled person may be eligible for Medicare if the DI 24-month "trial work period" is in effect. Medicare coverage may also be continued for 24 months after the expiration of the trial work period.

TABLE A.10--TYPE 5A, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes			Percent of Poverty (\$438)				
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	1%	31%	\$ 0	\$ 0	\$ 0	\$ 700.	NA%	111%	160%	160%
100	0	27	0	0	7	753	47	133	174	172
200	0	17	0	0	14	771	82	156	179	176
300	0	13	3	2	21	829	41	179	195	189
400	5	100	6	13	28	598	332	91	147	136
500	5	100	9	25	35	642	56	114	162	147
600	6	100	12	39	42	688	54	137	178	157
700	0	100	15	54	49	665	123	160	179	152
800	0	100	18	69	56	710	55	183	195	162
900	0	100	21	85	63	754	56	205	211	172
1000	NA	NA	24	101	71	805	49	228	228	184
1100	NA	NA	27	118	78	878	28	251	251	200
1200	NA	NA	30	136	85	949	28	274	274	217
1300	NA	NA	33	156	92	1020	30	297	297	233
1400	NA	NA	36	176	99	1089	30	320	320	249
1500	NA	NA	39	199	106	1156	33	342	342	264
1600	NA	NA	42	222	113	1223	33	365	365	279
1700	NA	NA	45	246	120	1289	34	388	388	294
1800	NA	NA	48	272	127	1353	36	411	411	309

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 5 may exist due to rounding.

TABLE A.11
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
DISABLED INDIVIDUAL WITH SSI (TYPE 5B)—PENNSYLVANIA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	SSI	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	Sch. WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- caid	
\$ 0	\$NA	\$368	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$183	\$53	Elig	\$626
100	NA	361	10	NA	NA	NA	NA	13	155	53	Elig	591
200	NA	311	10	NA	NA	NA	NA	13	140	53	Elig	526
300	NA	261	10	NA	NA	NA	NA	13	125	53	Elig	461
400	NA	0	13	NA	NA	NA	NA	13	173	53	Elig**	252
500	NA	0	10	NA	NA	NA	NA	13	143	53	Elig**	219
600	NA	0	10	NA	NA	NA	NA	13	113	53	Elig**	189
700	NA	0	0	NA	NA	NA	NA	0	83	0	Elig**	83
800	NA	0	0	NA	NA	NA	NA	0	53	0	Elig**	53
900	NA	0	0	NA	NA	NA	NA	0	23	0	Elig**	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Despite being ineligible for SSI due to earnings in excess of \$300, a disabled person may be eligible for Medicaid under Pennsylvania's medically needy program or under Section 1619(b) of SSI law, which provides for continued Medicaid coverage for the working disabled.

TABLE A.11--TYPE 5B, PENNSYLVANIA (continued)

Earned Income	Percent of Total Asst.		Taxes					Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA	Net Earnings + Total Asst.	Marginal Tax Rate	Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	2%	41%	\$ 0	\$ 0	\$ 0	\$ 626	NA%	84%	143%	143%
100	2	39	0	0	7	684	47	105	158	156
200	2	41	0	0	14	712	72	117	166	163
300	2	44	5	2	21	734	79	128	174	167
400	5	100	9	13	28	602	232	91	149	137
500	5	100	12	25	35	646	55	114	164	148
600	5	100	14	39	42	693	53	137	180	158
700	0	100	16	54	49	663	130	160	179	151
800	0	100	19	69	56	709	54	183	195	162
900	0	100	21	85	63	754	55	205	211	172
1000	NA	NA	24	101	71	805	48	228	228	184
1100	NA	NA	26	118	78	878	27	251	251	201
1200	NA	NA	28	136	85	951	27	274	274	217
1300	NA	NA	31	156	92	1022	29	297	297	233
1400	NA	NA	33	176	99	1092	30	320	320	249
1500	NA	NA	35	199	106	1160	32	342	342	265
1600	NA	NA	38	222	113	1227	32	365	365	280
1700	NA	NA	40	246	120	1294	33	388	388	295
1800	NA	NA	42	272	127	1358	35	411	411	310

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 6 may exist due to rounding.

TABLE A.12
HYPOTHETICAL MONTHLY BENEFITS AND TAXES FOR A
DISABLED INDIVIDUAL WITH SSI (TYPE 5A)--INDIANA

Earned Income	Cash Assistance		In-Kind Assistance									Max. Total
	EITC	Disabil- ity Ins.	Nutrition Assistance						Other In-Kind Asst.			Assistance*
			Food Stamps	WIC	Sch. Lunch	Sch. Bkfst.	C. Care Food	TEFAP	Sect. 8 Housing	LIHEAP	Medi- care	
\$ 0	\$NA	\$336	\$10	\$NA	\$NA	\$NA	\$NA	\$13	\$192	\$45	Elig	\$597
100	NA	329	10	NA	NA	NA	NA	13	164	45	Elig	561
200	NA	279	10	NA	NA	NA	NA	13	149	45	Elig	496
300	NA	229	10	NA	NA	NA	NA	13	134	45	Elig	431
400	NA	0	13	NA	NA	NA	NA	13	173	45	Elig**	245
500	NA	0	10	NA	NA	NA	NA	13	143	45	Elig**	211
600	NA	0	10	NA	NA	NA	NA	13	113	45	Elig**	181
700	NA	0	0	NA	NA	NA	NA	0	83	0	Elig**	83
800	NA	0	0	NA	NA	NA	NA	0	53	0	Elig**	53
900	NA	0	0	NA	NA	NA	NA	0	23	0	Elig**	23
1000	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1100	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1200	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1300	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1400	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1500	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1600	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1700	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0
1800	NA	0	0	NA	NA	NA	NA	0	0	0	Elig**	0

*The "maximum total assistance" is the maximum cumulative benefit that the household would receive if it participated in all programs for which it is potentially eligible. Most households do not participate in all programs for which they are potentially eligible and, hence, receive less than the maximum total assistance.

**Despite being ineligible for SSI due to earnings in excess of \$300, a disabled person may be eligible for Medicaid under Section 1619(b) of SSI law, which provides for continued Medicaid coverage for the working disabled. Indiana does not cover the medically needy under its Medicaid program.

TABLE A.12--TYPE 5B, INDIANA (continued)

Earned Income	Percent of Total Asst.		Taxes			Net Earnings + Total Asst.	Marginal Tax Rate	Percent of Poverty (\$438)		
	Food Stamps	Total In-Kind	State Inc.	Federal Inc.	FICA			Earnings + Cash Asst.	Earnings + Total Asst.	Net Earnings + Total Asst.
\$ 0	2%	44%	\$ 0	\$ 0	\$ 0	\$ 597	NA%	77%	136%	136%
100	2	41	0	0	7	654	42	98	151	149
200	2	44	0	0	14	682	72	109	159	156
300	2	47	3	2	21	706	76	121	167	161
400	5	100	6	13	28	598	208	91	147	136
500	5	100	9	25	35	642	56	114	162	147
600	6	100	12	39	42	688	54	137	178	157
700	0	100	15	54	49	665	123	160	179	152
800	0	100	18	69	56	710	55	183	195	162
900	0	100	21	85	63	754	56	205	211	172
1000	NA	NA	24	101	71	805	49	228	228	184
1100	NA	NA	27	118	78	878	28	251	251	200
1200	NA	NA	30	136	85	949	28	274	274	217
1300	NA	NA	33	156	92	1020	30	297	297	233
1400	NA	NA	36	176	99	1089	30	320	320	249
1500	NA	NA	39	199	106	1156	33	342	342	264
1600	NA	NA	42	222	113	1223	33	365	365	279
1700	NA	NA	45	246	120	1289	34	388	388	294
1800	NA	NA	48	272	127	1353	36	411	411	309

NOTE 1: The marginal tax rate incorporates both implicit taxes on earnings imposed by assistance programs and explicit taxes (i.e., income and payroll taxes).

NOTE 2: Components may not sum precisely to totals due to rounding. Also, slight discrepancies between amounts shown here and amounts shown in Table 6 may exist due to rounding.

APPENDIX B

BENEFIT AVAILABILITY AND AMOUNTS
FOR PROGRAMS OVER WHICH STATES HAVE
SOME DISCRETIONARY CONTROL

BENEFIT AVAILABILITY AND AMOUNTS FOR PROGRAMS OVER WHICH
STATES HAVE SOME DISCRETIONARY CONTROL

State	AFDC				SSI			Medicaid		LIHEAP		Unemployment Insurance			
	Unemployed Parent Program	1986 Monthly Benefit for 4-Person Family		State Supple- mentation	1986 Monthly Benefit for Aged Individual		Limitations on Medically Coverage for Needy SSI Recipients Program		1985 Yearly Heating Benefit		1986 Weekly Benefit		1985 Weekly Benefit		
		Maximum	Rank		Maximum	Rank			Average	Rank	Minimum	Maximum	Average	Rank	
AL	No	\$147	50	No	\$336	28*	No	No	\$112	48	\$22	\$120	\$ 97	48	
AK	No	823	1	Yes	605	1	No	No	485	4	38-62	188-260	153	1	
AZ	No	353	33	No	336	28*	NA	NA	125	45	40	125	104	43*	
AR	No	224	47	No	336	28*	No	Yes	114	47	42	189	106	39*	
CA	Yes	698	2	Yes	533	2	No	Yes	129	44	30	166	111	36	
CO	No	420	23*	Yes	394	9	No	No	347	11	25	213	146	5	
CT	Yes	664	3	Yes	508	3	Yes	Yes	588	2	15-22	192-242	142	11*	
DE	Yes	349	34	No	336	28*	No	No	330	15	20	195	112	35	
DC	Yes	399	26	Yes	351	22*	No	Yes	334	14	26	250	145	6*	
FL	No	298	41	No	336	28*	No	No	139	40	10	175	109	37*	
GA	No	264	43	No	336	28*	No	Yes	150	39	27	135	104	43*	
HI	Yes	546	11	Yes	341	26	Yes	Yes	58	51	5	200	142	11*	
ID	No	344	35	Yes	408	6*	No	No	228	27	45	179	126	28	
IL	Yes	385	29	Yes	371	15*	Yes	Yes	228	28	51	161-209	137	19*	
IN	No	316	38	No	336	28*	Yes	No	272	21	40	90-151	92	49	
IA	Yes	443	19	No	336	28*	No	Yes	279	20	23-28	158-194	130	24	
KS	Yes	450	18	No	336	28*	No	Yes	214	30	47	190	137	19*	
KY	No	246	44	No	336	28*	No	Yes	130	43	22	140	103	45	
LA	No	234	46	No	336	28*	No	Yes	64	50	10	205	151	3	
ME	Yes	489	13	Yes	346	24*	No	Yes	340	12	25-37	146-219	115	33	
MD	Yes	395	27	No	336	28*	No	Yes	253	24	25-28	175	129	25*	
MA	Yes	505	12	Yes	465	4	No	Yes	561	3	14-21	207-310	136	17*	
MI	Yes	588	8	Yes	384	19*	No	Yes	135	40*	54	197	141	13*	
MN	Yes	616	6	Yes	371	15*	Yes	Yes	482	5	56	228	152	2	
MS	No	144	51	No	336	28*	No	No	160	38	30	115	91	50	
MO	Yes	320	37	No	336	28*	Yes	No	241	25	14	125	98	47	
MT	Yes	426	22	No	336	28*	No	Yes	462	6	43	171	125	29	
NE	Yes	420	23*	Yes	391	12	Yes	Yes	409	9	12	128	106	39*	
NV	No	341	36	Yes	372	14	No	No	239	26	18	166	129	25*	
NH	No	442	20	Yes	376	13	Yes	Yes	454	7	36	150	105	41*	
NJ	Yes	465	16	Yes	367	16	No	No	306	19	20	214	134	22	
NM	No	313	39	No	336	28*	No	No	194	32	30	154	113	34	
NY	Yes	596	7	Yes	408	6*	No	Yes	215	29	40	180	128	27	
NC	No	269	42	No	336	28*	Yes	Yes	175	36	15	175	109	37*	
ND	No	454	17	No	336	28*	Yes	Yes	625	1	60	194	141	13*	

State	AFDC				SSI				Medicaid		LIHEAP		Unemployment Insurance			
	Unemployed Parent Program	1986 Monthly Benefit for 4-Person Family		State Supple-mentation	1986 Monthly Benefit for Aged Individual		Limitations on Coverage for SSI Recipients	Medically Needy Program	1985 Yearly Heating Benefit	Average	Rank	1986 Weekly Benefit	1985 Weekly Benefit		Average	Rank
		Maximum	Rank		Maximum	Rank							Minimum	Maximum		
OH	Yes	\$374	31	No	\$336	26*	Yes	No	\$180	34		\$10	\$147-233		\$145	6*
OK	No	384	30	Yes	396	8	Yes	Yes	135	40*		16	197		140	15*
OR	No	482	14	Yes	338	27	No	Yes	204	31		49	211		133	23
PA	Yes	466	15	Yes	368	17	No	Yes	317	17		35-40	232-240		145	6*
RI	Yes	574	10	Yes	392	10*	No	Yes	258	23		36-41	183-228		121	30
SC	No	239	45	No	336	28*	No	Yes	123	46		21	125		99	46
SD	No	371	32	Yes	351	22*	No	No	339	13		28	129		105	41*
TN	No	186	49	No	336	28*	No	Yes	189	33		30	120		89	51
TX	No	221	48	No	336	28*	No	Yes	66	49		29	189		146	6*
UT	No	439	21	Yes	348	24*	Yes	Yes	266	22		13	193		195	6*
VT	Yes	651	4	Yes	392	10*	No	Yes	440	8		18	146		116	32
VA	No	410	25	No	336	28*	Yes	Yes	328	16		58	159		118	31
WA	Yes	578	9	Yes	364	19*	No	Yes	180	34		51	190		138	17*
WV	Yes	312	40	No	336	28*	No	Yes	162	37		24	225		135	21
WI	Yes	649	5	Yes	438	5	No	Yes	309	18		37	196		140	15*
WY	No	390	28	Yes	356	21	No	No	391	10		36	192		147	4
# States w/ Pgm.	25	---	---	27	---	---	---	35	---	---	---	---	---	---	---	---
Median	---	399	---	---	341	---	---	---	239	---	---	---	---	---	129	---

* Denotes a tie in rank.

NOTE 1: AFDC data are from pp. 367 and 373-374 of the Committee on Ways and Means (1986). See notes on p. 374 regarding geographic and other variation in maximum benefits within a state.

NOTE 2: SSI data are from pp. 469-470 of the Committee on Ways and Means. An aged individual is assumed to be living independently. See p. 470 for additional assumptions.

NOTE 3: Medicaid data are from pp. 246-248 of the Committee on Ways and Means.

NOTE 4: LIHEAP data are from pp. 509-510 of the Committee on Ways and Means.

NOTE 5: UI data are from pp. 312-313 of the Committee on Ways and Means. Benefit amount ranges reflect allowances for dependents.

APPENDIX C

ASSUMPTIONS UNDERLYING THE MODELING
OF BENEFITS AND TAXES

ASSUMPTIONS UNDERLYING THE MODELING OF BENEFITS AND TAXES

A. ASSUMPTIONS COMMON TO MORE THAN ONE HOUSEHOLD TYPE

1. Employed persons are paid the minimum wage, \$3.35/hr.
2. Shelter cost is \$283/mo. SOURCE: mean shelter cost for low-income renters as computed from the 1983 Annual Housing Survey, with an adjustment for inflation between the survey date and 1/1/86.
3. Household has no liquid assets and asset income (e.g., interest and dividends) is \$0/mo.
4. Medical expenses are \$0/mo.
5. Eligible children up to age 5 participate in the WIC Program and receive benefits with a value of \$31.75/mo. SOURCE: telephone conversation with FNS.
6. The period of the analysis is a winter month in which eligible families and individuals receive LIHEAP heating assistance. One-sixth of the state average annual benefit per recipient unit in FY 1985 is assumed to be received during that month. This amounts to \$52.83/mo. in Pennsylvania and \$45.33/mo. in Indiana. SOURCE: Committee on Ways and Means (1986), pp. 509-510.
7. Eligibility for LIHEAP payments is restricted to households where one or more persons receives AFDC or SSI benefits, or where income is below 150 percent of the Federal poverty guidelines.
8. The period of the analysis is a month during which school is in session, so school meals are potentially available and child care needs for children ages 6 and older can be assumed to be zero.
9. Eligible children ages 6 and older participate in the School Breakfast Program, which provides free meals with a subsidy value of \$16.83/mo. and reduced-price meals with a subsidy value of \$10.34/mo. (household residence in an SBP "severe need" area is assumed). SOURCE: telephone conversation with FNS.
10. Eligible children ages 6 and older participate in the National School Lunch Program, which provides free meals with a subsidy value of \$30.74/mo. and reduced-price meals with a subsidy value of \$22.08/mo. SOURCE: telephone conversation with FNS.
11. A child under age 6 requires child care in proportion to parental earnings. The fraction of full-time (40 hrs./wk., 4.33 wks./mo.) child care that is required per child is $Z/(NP*Y)$, where Z is monthly family earnings, NP is the number of parents in the family, and Y is the potential full-time earnings of either parent. This fraction is constrained to be no greater than unity.
12. The cost of full-time child care for one child is \$160/mo. A family's actual monthly child care cost is $NC*(Z/(NP*Y))*\$160$, where NC is the number of children under age 6. (NOTE: A ceiling of \$160/mo. is imposed on total deductible child care expenses under the Food Stamp and AFDC programs.)

13. A child under age 6 participates in the Child Care Food Program in proportion to the time that he/she spends in child care. The proportion is $Z/(NP*Y)$, as defined above. For full-time participants, the monthly value of meals and snacks under this program is \$69.93 (free price) or \$48.77 (reduced price). SOURCE: telephone conversation with FNS.
14. Child care is provided by a commercial child care center, which is required to verify a child's income-eligibility for benefits under the Child Care Food Program.
15. Eligibility for TEFAP benefits is restricted to families or individuals who receive assistance under the Food Stamp, AFDC, SSI, or Social Security Disability programs.
16. The value of food commodities received through TEFAP is assumed to be \$13/mo. for all eligible families or individuals. In actuality, states and localities may differ in the value of TEFAP commodities that they provide to households.
17. Federal income tax filers take the applicable standard deduction rather than itemizing.
18. EITC payments are assumed to be in the form of reduced FIT withholding and are included in AFDC, Food Stamp, and Section 8 countable income.
19. Pennsylvania has an essentially flat income tax rate of 2.35 percent (1985) with no personal exemptions, no standard deduction, and few other deductions; however, for low-income filers the tax rate is progressively reduced with decreasing income.
20. Indiana has a flat income tax rate of 3.0 percent (1985), with the same personal exemptions as the FIT (valued at \$1000 each). The state has no standard deduction, but does have a renter's deduction with a \$1500/yr. cap.
21. Section 8 housing benefits are almost invariably in the form of vendor payments (SOURCE: telephone conversation with HUD). These payments are not included in countable income under any other program considered. For the purpose of computing Indiana state income taxes and net income under other assistance programs, out-of-pocket shelter expenses are computed as gross shelter expense (\$283) less the Section 8 vendor payment.

B. ASSUMPTIONS FOR A 1-PARENT, 3-CHILD HOUSEHOLD (TYPE 1)

1. Any earnings are received during the first four months of employment, thus the family is eligible for the "thirty and one-third" AFDC earnings deduction.
2. Federal income tax filing status is "head of household."

C. ASSUMPTIONS FOR A 2-PARENT, 2-CHILD HOUSEHOLD (TYPE 2)

1. Any earnings are received during the first four months of employment; thus the family is eligible for the "thirty and one-third" AFDC earned income deduction.
2. Federal income tax filing status is "married filing joint return."

3. Current family income derives equally from the labor of the "principal wage earner" and the "principal care taker."
4. A Pennsylvania family is ineligible for AFDC-UP benefits if the principal wage earner is employed for more than 99 hrs./mo. The AFDC-UP Program is not available in Indiana.
5. An unemployed worker with no earnings from partial employment is assumed to receive the minimum UI benefit, plus allowances for dependents. That is \$40/wk. (\$173.20/mo.) in both Pennsylvania and Indiana.

D. ASSUMPTIONS FOR A NON-ELDERLY, NON-DISABLED INDIVIDUAL (TYPE 3)

1. Federal income tax filing status is "single."
2. An unemployed worker with no earnings from partial employment is assumed to receive the minimum UI benefit, which is \$35/wk. (\$151.55/mo.) in Pennsylvania and \$40/wk. (\$173.20/mo.) in Indiana.
3. While PL 94-375 permits a non-elderly, non-disabled single individual to participate in the Section 8 Housing Program, with HUD approval, actual participation by such an individual is rare. For purposes of modeling, it is therefore assumed that this type of individual does not participate in the Section 8 Program. SOURCE: telephone conversation with HUD.

D. ASSUMPTIONS FOR AN ELDERLY INDIVIDUAL (TYPE 4)

1. Federal income tax filing status is "single."
2. The individual is age 65 or older and claims two federal income tax exemptions for himself/herself.
3. No retirement or disability benefits are received from the OASDHI Program.

E. ASSUMPTIONS FOR A DISABLED INDIVIDUAL WITH DI (TYPE 5A)

1. A disabled individual is assumed to be eligible for the average OASDI benefit received by disabled workers: \$484/mo. SOURCE: Committee on Ways and Means (1986), p. 109.
2. Earnings in excess of \$300/mo. are evidence of ability to engage in "substantial gainful activity" and may result in the suspension or termination of disability benefits.
3. The recipient of a DI benefit is permitted to engage in a 24-month "trial work period." During the first 12 months of this period, the full DI benefit can be received regardless of earnings, so long as a medically documented disability continues to exist. During the second 12 months, the DI benefit is suspended for any month in which earnings exceed \$300, but entitlement to a benefit is not terminated.
4. Medicare benefits may be continued for 24 months after the expiration of the trial work period.

5. A disabled individual is assumed to be in the second 12 months of a trial work period.
6. An individual who loses eligibility for disability benefits due to an ability to engage in substantial gainful activity retains eligibility for Section 8 benefits for some unspecified period.
7. Federal income tax filing status is "single."

F. ASSUMPTIONS FOR A DISABLED INDIVIDUAL WITH SSI (TYPE 5B)

1. Earnings in excess of \$300/mo. are evidence of ability to engage in "substantial gainful activity" and may result in the suspension or termination of SSI disability benefits.
2. The recipient of a SSI disability benefit is permitted to engage in a 24-month "trial work period." During the first 12 months of this period, a benefit can be received even if monthly earnings exceed \$300, so long as a medically documented disability continues to exist (the benefit is subject to a 50 percent benefit reduction rate applied to earned income). During the second 12 months, the SSI disability benefit is suspended for any month in which earnings exceed \$300, but entitlement to a benefit is not terminated.
3. A disabled individual who is able to engage in substantial gainful activity may be eligible for continued Medicaid benefits under Section 1619(b) of SSI law.
4. A disabled individual is assumed to be in the second 12 months of a trial work period.
5. An individual who loses eligibility for SSI disability benefits due to earnings in excess of \$300/mo. retains eligibility for Section 8 benefits for some unspecified period.
6. Federal income tax filing status is "single."

APPENDIX D

**TIME PERIODS FOR ASSUMPTIONS REGARDING
PROGRAM REGULATIONS, BENEFIT AMOUNTS,
AND OTHER MODEL COMPONENTS**

**TIME PERIODS FOR ASSUMPTIONS REGARDING
PROGRAM REGULATIONS, BENEFIT AMOUNTS,
AND OTHER MODEL COMPONENTS**

Program or Other Model Component	Time Period that is Basis for Model Assumptions
Poverty Guidelines	Jan. 1986
ETC	CY 1985
Unemployment Insurance	Jan. 1986
AFDC	Jan. 1986
SSI	Jan. 1986
Social Security Disability Ins.	Dec. 1985
Food Stamps	May 1986
WIC	FY 1985
School Lunch	Oct. 1985
School Breakfast	Oct. 1985
Child Care Food Pgm.	Oct. 1985
TEFAP	Jan. 1986
Section 8 Housing	Oct. 1985
LIHEAP	FY 1985
Medicaid	Dec. 1985
Medicare	Dec. 1985
State Income Tax	CY 1985
Federal Income Tax	CY 1985
Social Security Payroll Tax	CY 1985